



ST.MARY UNIVERSITY
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THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)
ON CUSTOMER'S LOYALTY: EVIDENCE FROM DASHEN BANK

By:- Fraol Bayissa

February, 2023

Addis Ababa, Ethiopia

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MANAGEMENT (CRM) ON CUSTOMER'S LOYALTY:
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By

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**A THESIS PROPOSAL SUBMITTED TO ST. MARY'S
UNIVERSITY IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR MASTERS OF MARKETING
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Addis Ababa, Ethiopia

DECLARATION

I hereby declare that this thesis entitled “THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) ON CUSTOMER’S LOYALTY: EVIDENCE FROM DASHEN BANK” is my original work, prepared under the guidance of Mohammed Mohammednur (Asst. Prof). Each and every source of information used in the thesis has been properly acknowledged. I further affirm that the thesis has not been submitted, in whole or in part, to any other institution of higher learning with the intention of obtaining a degree.

Fraol Bayissa

Name

Signature & Date

CERTIFICATION

As an advisor, and as stated by the student in the Research Integrity and Copyright Disclaimer, this thesis, titled "The Effect of Customer Relationship Management (CRM) on Customer's Loyalty: Evidence from Dashen Bank" submitted in partial fulfilment of the requirements for the degree of Master of Marketing Management, complies with all applicable laws, regulations, and policies of St. Mary's University. The completed thesis is ready to be presented to the thesis board of examiners. Therefore, I suggest that the student Fraol Bayissa submit her thesis to the university since she has met the requirements.

Mohammed Mohammednur (Asst. Prof)

Name

Signature & Date

APPROVAL SHEET

ST. MARYS UNIVERSITY SCHOOL OF GRADUATE STUDIES MARKETING MANAGEMENT

We, the undersigned, members of the Board of Examiners of the final open defense by Fraol Bayissa have read, evaluated and examined her thesis entitled “The Effect of Customer Relationship Management (CRM) on Customer's Loyalty: Evidence from Dashen Bank”. Therefore, this is to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree of Masters in marketing management.

APPROVED BY BOARD OF EXAMINERS

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ABSTRACT

The goal of this paper is to investigate how customer relationship management affects customer loyalty at Dashen Bank S.C. Addis Ababa. The research design employed a quantitative research methodology and was both descriptive and explanatory. A structured format was used for the survey. Using a quantitative research approach, the hypothesis was tested on a sample of 399 with a valid response rate of 100%. The questionnaire was analysed using the Statistical Package for Social Sciences (SPSS) Version 20, which also computed Cronbach Alpha, descriptive statistics, correlation, and regression. The correlation matrix revealed that every independent variable with a positive coefficient of correlation strongly correlated with the dependent variable when the relationships between the variables were examined using correlation analysis. Additional regression analysis was performed, and the results showed that the Customer Involvement, Customer understanding, Customer commitment, and Customer responsiveness are the four independent variables that contribute to a statistically significant level at ($p\text{-value} = 0.001$). The researcher can accept the hypothesis and all of the Customer Relationship Management service dimensions because the $p\text{-value}$ for Customer Involvement, Customer understanding, Customer commitment and Customer responsiveness is less than 0.05 based on hypothesis testing. Finally, this study suggests that in order to improve the success of the bank, there should be a high level of focus on customer relationship management. Last but not least, it can be said that without strong customer relationship management, it is impossible to succeed in maintaining customer loyalty because it is a means by which banks ultimately succeed in maintaining the business of their existing customers.

Keywords: *Customer loyalty, Customer Involvement, Customer understanding, Customer commitment, Customer responsiveness*

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ABBREVIATIONS/ACRONYM

ANOVA	Analysis of Variance
CRM	Customer Relationship Management
df	Degree of freedom
ICT	Information and Communication Technology
IS	Information System
IT	Information Technology
NBE	National Bank of Ethiopia
RSS	Residual Sum squares
SD	Standard Deviation
SPSS	Statistical Packages for Social science
TCT	Transaction Cost Theory
TSS	Total Sum of Squares
VIF:	Variance Inflation Factor
α :	Alpha Coefficient of an equation
β :	Beta Coefficient of an equation
ϵ :	Error

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

To look after new or established business, it is compulsory to understand what can lead to business failure and how each burden can be managed or evaded completely. The significance of retaining existing customers and expanding business is dominant because the costs of finding new customers are five times more than retaining existing customers. For that reason, all efforts are laid by the firms towards maintaining sound relationship with customers or CRM (Atalla, 2020). This fact has been confirmed by Agila (2016) as CRM is one of the most important strategies to achieve competitive advantage in today's competitive world. Loyalty and profitability has increased as a result of implementation of customer relation management (CRM). Bashir also credits CRM for the increase in customer loyalty and profitability in the service organizations particularly in banking industry.

The significance of CRM in today's organizational competitiveness is admitting and its level of practice and its possible results in the banking industry. According to data from National Bank of Ethiopia (NBE), the number of banks operating in Ethiopia remained at 19 of which 17 were private and 2 state owned. These banks have opened 117 new bank branches during the review period thereby raising the total number of bank branches to 6,628. As a result, population to bank branch ratio stood at 15,213. About 34.2 percent of the total bank branches were located in Addis Ababa. Of the total bank branches, the share of state owned banks was 28.7 percent and that of private banks 71.3 percent (NBE, 2021). Since the number of banking customers in Ethiopia has kept on increasing from time to time the need of banking transitions, e-banking and other related services are expanded.

Addis Ababa has got variety of services with attractive facilities and facilities. About 34.2 percent of the total bank branches were located in Addis Ababa. Of the total bank branches, the share of state-owned banks was 28.7 percent and that of private banks 71.3 percent. Of the total bank branches, the share of state-owned banks was 28.7 percent while that of private banks constituted 71.3 percent (NBE, 2021).

Most of the previous studies focused on the customer lifetime phases and needed to concentrated on generating profitable growth by increasing customer share, building customer loyalty, and capturing customer lifetime value. For example, Kushnazarov (2019) found that customer lifetime from the reach customer (claim future customer's attention) affects the loyalty customer (turn a customer into a company advocate) while Ilias and Eirini (2015) found that CRM organizational resources are the most vital, since they have a positive effect on the processes of all customer life-cycle stages. Yao (2016) discovered that that a customer is the life of a business.

As relationship marketing (RM) is an enterprise wide approach aiming to understand and influence customer behavior through meaningful communications in order to improve customer acquisition and retention as well as profitability (Khan and Masood, 2017), it shows practicing CRM is mandatory. Ilias and Eirini (2015) stated that customers need their stay more exciting as nowadays we are under the age of customer. It is reflected as a radical shift of marketing theory and practice, which has been a topic of discussion and implementation among academics and practitioners since the early '80s, having its roots in services and industrial marketing (Atalla, 2020).

The aim is to develop and manage a wide range of mutually beneficial relationship (Ilias and Eirini, 2015). Currently, due to the existence of firms which offer cheap CRM systems, which made CRM programs uncomplicated (Agila, 2016). CRM has lately become one of the most controversial issues and a focal-point in the business field (Khanand Masood, 2017). It shows financial institutions in order to have loyal customers they have to make sustainable relationship with them. In this regard, CRM strategy is of great benefit to the organizations, adopting it, as such organizations can reap the benefit of increasing sales through better market segmentation, customized products and services, obtaining higher quality products, gaining access to information and employee satisfaction, and above all, ensuring long-lasting customer-retention and loyalty (Ayo-Oyebiyi, Ladokunand Taiwo, 2019) confirmed that Customer relationship management (CRM) has become one of the emerging tools essential for organizational success and, it was rated the best effective management tool after strategic planning. Thus, this study is intended to review effect of customer relationship management (CRM) on customer's loyalty in banking sector.

1.2. Statement of the Problem

Consumers are treasured resources that must be maintained and maintained their existence in order to remain consistent with the products organizations produce in the world of marketing. One form of assurance that must be given to consumers is by providing good and satisfying services and leading to the creation of customer loyalty. Khanand Masood (2017) added that with customer loyalty to the products produced by the firm, it will make it at ease for consumers to commend products to other consumers. Therefore customer loyalty is very significant for the development of business companies, especially in the banking sector. As result, Dashen Bank is presently operating in an extremely competitive banking industry and this bank has been taking various measures designed to beat competitors, intensification its market share and attract and preserve its customers. All the same, the bank is establishing increasing financial performance, but its performance isn't encouraging over the past few years, and it is showing slow-moving financial performance (NBE, 2021). It has ranked fourth out of the total private commercial banks for the last three years jumping back from its third place that had been held for almost more than 10 years.

Its 2021 annual report shows it is slowly losing its premier and market share positions from time to time (Dashen Bank, 2022). Top performing financial institutions like Dashen bank believe that customers are the purpose of what they do and they very much depend on them and supposed that customers are not the source of a problem. Accordingly, as the preliminary interview with top rated branch of Dashen bank clarified, strategy is not formulated to extract lessons learned from early adopters is that there is a need to closely monitor the performance of RM strategy implementations, which are based on CRM systems and tend to be expensive. Unable to keep its loyal customers has been mentioned as the main reasons given for the decline in the bank's financial performance. In addition, other reasons have been stated including highly increasing number of switching customers to other banks, a lack of integrated relationship marketing practice and/or losing speed of a stronger customer-brand relationship. The problem with this bank is the absence of laid down guidelines, implementation and practices. Each branch of this bank understudy viewed and practiced CRM differently.

This shows that this bank needs a completely align it to the business strategy and build lasting brand conscious customer relationships. This also requires mechanisms for increasing customer loyalty in a coordinated and change-oriented manner.

This is because previous studies ignored the causal relationship among the factors (CRM and loyalty) as these studies interested in its relationship with customer satisfactions and used small samples and focused on single branches; for example, Atalla (2020) questioned about ‘‘Does Customer Relationship Management Affects Customer Satisfaction’’.; Agila (2016) focused on CRM practices in telecom industry and Bashir (2017) assed the impact of customer relationship management on customer retention and Ilias (2015) investigated within a Customer Life-Cycle Based Approach. These studies ignored an extrinsic customer-centric approach, CRM processes can be aligned with the customer life-cycle stages. These researches such as Khanand Masood (2017) and (Ayo-Oyebiyi, Ladokunand Taiwo (2019) unnoticed follows this approach and forgotten the consequence of CRM related resources (human, organizational and technological) on CRM processes across the customer life-cycle, in the context of the banking sector. This is because the customer-centric approach supported by CRM systems has many proponents in the banking sector. Banks were among the service industry pioneers in developing and implementing RM strategies, since they were between the first recipients of the radical changes that took place in global economy during the past few decades (Ilias and Eirini, 2015). The banking sector is evident from the growing amount of literature, there appears to be potential for further research (Khanand Masood, 2017).

As a summary, this study has recognized several gaps in the existing body of knowledge. As a result, it understood that it needs a research on CRM in the banking context particularly in related to CRM processes across the customer life-cycle. Secondly, based on loyalty programs, it is important to measure the effectiveness of CRM in generating loyalty. Thirdly, even though many studies have investigated the factors affecting transferring, it needs to investigate customer inclination in entering into long-term relationships, and including the stages of acquisition, retention, expansion and recovery. Since customer relationship is a big asset for all firms, the more relationship a firm can develop, the greater are its assets. However, understanding the customer is not easy, because every customer have different satisfaction levels of every product and service.

So far service industry is concerned, it is very difficult because the customer is not become the owner of the product (Atalla, 2020). Therefore, the researcher will like to assess the status and ways CRM has been put into practice by the financial sector in Ethiopia by taking pioneer private commercial bank in Addis Ababa. Effect of CRM strategies and practices in influencing customer loyalty will be identified by the research study here.

1.3. Research Questions

- To what level does Customer Involvement influence customer loyalty in selected private bank in Addis Ababa?
- To what level does Customer Understanding influence customer loyalty in selected private bank in Addis Ababa?
- What is the level of Customer Commitment influence customer loyalty in selected private bank in Addis Ababa?
- What is the level of Customer Responsiveness influence customer loyalty in selected private bank in Addis Ababa?

1.4. Objectives of the Study

1.4.1. General Objective

General objective of the study was to examine the effect of customer relationship management on customer's loyalty in selected private commercial bank in Addis Ababa

1.4.2. Specific Objectives

- To analyse the effect of Customer Involvement on customer Loyalty in selected private bank in Addis Ababa
- To investigate the effect of Customer Understanding on customer Loyalty in selected private bank in Addis Ababa
- To analyse the effect of Customer Commitment on customer Loyalty in selected private bank in Addis Ababa
- To examine the effect of Customer Responsiveness on customer Loyalty in selected private bank in Addis Ababa

1.5. Significance of the Study

The significance of the study is enlightened in different ways. Initially, it highlights the limited attention given to the key areas of concern of the study of CRM processes across the customer life-cycle. Then, it shows the significance of the research context of private financial sector. Thirdly, it elaborates the contribution of the study to both the body of knowledge, and the practitioners of private banking.

Signifying the importance of the need for Customer Responsiveness in banking sector, it must exist for a relationship to be successful. Such kind of study helps bankers, managers and other to contemplate the building blocks of relationship with Customer Responsiveness and relationship development. This study helps banks to focus on building much Customer Responsiveness as possible with their customers and then to use it for the long term good of the business. Therefore, research on banking expectation combined with an investigation related to accommodation is considered a significant contribution to the body of knowledge.

This study contributes to understand the practices of CRM adopted by financial industry in successful CRM system deployment requires from organizations not only to their processes on customers' expectations. The consistency of this study could also be reflected as a significant contributory factor to the methodological development of knowledge. By adopting both qualitative and quantitative approaches it expects to generate a comprehensive view of the problem under investigation. Covering both the depth and the breadth of the research problem on the one hand, facilitates the exploration of the concepts in detail whereas on the other hand it generalizes the findings to a larger population.

To summarize, the information gained from study assists as guideline to all owners of financial institutions in Ethiopia and members of the general public by enabling them to be aware of CRM strategies used by banks in Addis Ababa. The findings of this research study also are used by banking governing bodies like National Bank of Ethiopia, Ministry of Finance and auditing board. To professional extension of existing knowledge on CRM practices, this study also proposes areas for further studies. Accordingly, policy makers, government, and management of the banks may have a clue to improve their customer management from the research findings general and specific recommendations.

This information is relevant to them because it is expected that effective CRM will have positive effect to come up with strategies that enhance the capacity of the banks to compete at both, local and international level through utilization of CRM strategies which will help for the facilitation of financial transactions in Addis Ababa in particular and in Ethiopia in general.

1.6. Scope of the Study

This study was limited interims of geography, target groups, issues and time. This research is related to one financial institution and its customers. Other institutions like state owned banks and micro and small financial institutions were not in the purview of this research study. The scope of the present study has been mapped on CRM processes in terms of the acquisition, regain, maintenance, retention, expansion and exit customer life-cycle stages. Other CRM factors human factors and technological based customer relationship management will not be in the purview of this research study. The activities associated with sales, service support, marketing promotions and customer complaints will not be in the purview of this research study. It was not included activities entailing analysis of the data acquired by processes from the other two groups and the creation of value leading to service innovation.

In addition, this study used descriptive and explanatory survey design and in the course of researching both primary and secondary data will be employed. With regard to the secondary sources various publications, books, and journals articles regarding the subject matter will be included. Population of the study will be customers of the selected branches in Addis Ababa. The scope of the present study was confined to the geographical limit of the city of Addis Ababa. This study was delimited to geographical location as it focuses in Addis Ababa with in private commercial bank in Addis Ababa.

1.7. Operational Definitions

- **Acquisition** - Processes oriented towards the attraction and targeting of customers, the following of value offers made to prospects and the measurement of investments made for customer acquisition.
- **Regain** - Processes related to the effort made to get back lost or inactive customers.
- **Maintenance** - The processes in this stage focus on the knowledge, evaluation and cost estimation of current customers and the tracking of customers' progress across the stages of lifecycle.
- **Retention** - Two-way communication, customer loyalty or retention programs, information sharing, product and service customization, addressing customer's expectations and strengthening relationships with high-value customers are the focus of the processes in this stage.
- **Expansion** - These processes focus on cross-selling, up-selling as well as incentives given to valuable customers with the aim to intensify business.
- **Exit** - The processes in this stage centre at identifying non-profitable lower value or problematic customers, discontinuing relationships with them actively or passively and offering disincentives to them for terminating their relationships.
- **Customer Loyalty**—refers to customers' commitment to repeat past purchases of a preferred service over time, even if other more convenient or suitable alternatives exist (Ayo-Oyebiyi, et al., 2019).

1.8. Organization of the Study

The study was organized into five major chapters in order to make presentable to readers. The first chapter is dedicated to an introductory part composed of background of the study, research problem and questions. The second chapter present the literature reviewed. In the third chapter is the research methodology that includes research design, population and samples of the study, data collection and analysis tools are presented. The fourth chapter covered the data analysis and presentation part, and finally it included research finding and conclusion part.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1. Review of Theoretical Literature

2.1.1. Definitions and Concepts

2.1.1.1. Customer Relationship Management

A definition of relationship marketing that encapsulates most of the viewpoints of the various authors is that relationship marketing refers to all the activities necessary to identify, establish, maintain and enhance profitable relationships with internal and external customers and other stakeholders, so that the objectives of all parties involved are met through mutual exchanges and the making, enabling and keeping of promises (Nashwan and Hassan, 2017).

Customer relationship management (CRM) is a strategy to learn more about customers' needs and behaviours' in order to develop stronger relationships with them. Customer relationship management is a customer-oriented strategy which is responsible for accumulating and managing customer details in order to serve the customers in the present and future. The purpose of effective CRM strategy is to retain profitable customers. It is more of a business philosophy than a technical solution to assist in dealing with customers effectively and efficiently (Atalla, 2020).

The review of the extant literature on CRM shows that everyone has different perception from customer relationship management strategies and because of this issue different definitions have been presented for this concept. Some authors consider Customer Relationship Marketing as a revolted version of relationship marketing and define it as creation, development, and improvement of individual relationships with customers in order to maximize their total life cycle value (Atalla, 2020). Another definition refers to customer relationship management as a technology that is aimed to create and maintain the individual relationships with profitable customers through appropriate use of the information and communication technologies (Bashir, 2017).

While this study focused on CRM processes, Ilias and Eirini (2015) stated that CRM processes include all the activities that take place inside a company, which influence the customer relationship quality and duration. It was classified CRM processes into three groups, namely delivery processes (activities associated with sales, service support, marketing promotions and customer complaints), support processes (activities oriented towards what the market needs with the intention to develop loyal customers) and analysis processes (activities entailing analysis of the data acquired by processes from the other two groups and the creation of value leading to service innovation). The linking of CRM processes with the customer life-cycle concept, since they defined them as the activities performed by the organization concerning the management of the customer relationship, grouped according to a longitudinal view of the relationship (Nashwa and Hassan, 2017).

2.1.1.2. Customer Loyalty

Customer loyalty largely refers to customer behaviours that indicate a desire to better an on-going relationship with a company (Nashwan and Hassan, 2017). The customer's readiness to purchase again from the company, having a preference for the company, or mentioning the company to others could be indications to customers' desire to remain in a relationship with a company that demonstrate how much a customer is related to a firm. Loyal customers are frequently worth the marketing effort, owing to their willingness to buy additional products and spread positive word of mouth along with their trustworthiness as a source of continuous revenues (Eric et al., 2017). Concerning the competitive business setting, there is a need for banks to plan their strategies that will differentiate them from another.

This can be achieved through the delivery of high service quality. The practice of excellent service quality has been proven that customer satisfaction will significantly lead to customer loyalty. The greater the satisfaction received by consumers and the higher the value of customer loyalty, the greater the profits the company will get.

Customer loyalty is very difficult to be achieved. More and more unique ways are adopted to meet the ever changing nature of the service industry. Additionally, time constraints are most often a barrier to customer satisfaction. Every organization in the market competes to develop advanced methods to keep on track. Technology, for example affects the service industry, since constantly meeting customer satisfaction over a period of time is the only way to achieve customer loyalty (Dawit, 2019).

2.1.2. The Relationship between CRM and Customer Loyalty

Customer relationship management is all about building relationships with the most valuable customers of companies. The aim is to know customers well enough and determine the kind of relationship those customers want. CRM is a strategy and tool that can assist companies with increasing customer loyalty by tracking satisfaction levels, defection and retention. The CRM efforts will assist companies to grow, nurture and protect their most valuable asset, which is their customer relationships (Ammari and Nusair, 2015). Ayo-Oyebiyi et al., (2019) found the influence of CRM dimensions on bank performance with the application of multiple regression analysis. Long-term relationships with customers, joint problem-solving, information sharing, customer satisfaction, deposit mobilization, profit level were the dimensions used by the researchers. The research highlighted that CRM strategies used by Zenith bank have tremendously helped its deposit mobilization and profit level.

2.1.3. CRM Dimensions (Customer's Life Cycle)

CRM dimensions have not been widely researched by many scholars and it is considered a new scholarly area with only a few studies in the banking sector and call centers. The range of information on this concept is therefore quite limited.” CRM consists of four broad behavioral dimensions. Key customer orientation, CRM organization, knowledge management and technology-based CRM (Eric, Oumarand Krishna, 2017).

Furthermore, several researches highlight the important effects of conducting studies on CRM dimensions in the banking sector. Instead of focusing on individual indicators, it is necessary to use the “always on” method to view the entire customer path on all possible physical devices and communication channels, as well as optimize message exchange to coordinate with different points of contact in this path. Since the customer's lifecycle works on different platforms, it is essential that different teams work with different aspects and exchange information instantly, and all teams go in the same direction when applying the customer's life cycle strategy (Smart Insights, 2018). The CRM dimensions are discussed next.

2.1.3.1. Customer Involvement

Despite an increasing body of research on consumers and financial services, our understanding of consumer behaviour in this area is still limited. However, both

academics and practitioners must understand the factors that influence both the evaluation of various financial services and the final purchase decision. The level of consumer involvement is thought to be especially important (Foxall and Pallister, 1998).

Sherif and Cantril (1947) investigated the concept of involvement in the field of social psychology, viewing it as the relationship between ego and an object. It was later referred to as the centrality of beliefs involved with an individual by Sherif et al. (1965). The term "involvement" was first used in

- prior attitude toward the topic; and
- Involvement (Sherif and Hovland, 1961; Zaltman and Wallendorf, 1983).

From a consumer behaviour perspective, involvement has been defined as:

a motivational state of mind (arousal) that is goal directed (Zaltman and Wallendorf, 1983, p. 550).

This indicates that there is a link between the level of a person's motivation towards a particular goal and the level of involvement of that person. Concerning to focus on the customers, see the customers as the centre of the sales process. About persuading through involvement, the employees should listen more to customers rather than speak more than the customer. Allowing customers give more information and feedback. See the opposition as the sign of involvement and opportunity. Helping the customers figure out their difficulties and meet their needs (Yao, 2016).

- ***Hypothesis 1 – Customer Involvement has a positive and significant effect on customer Loyalty in banking sector in selected private bank***

2.1.3.2. Customer Understanding

Customer understanding is all about learning everything the bank needs to know about customers, such as their needs, pain points, jobs they are attempting to do, and so on, as well as their current experiences, in order to deliver the experience they expect in the future.

There are three approaches to achieving that understanding. The problem with these approaches is that if they are not implemented correctly, the bank will be no further ahead in terms of understanding than if they were not implemented at all.

Any service company is concerned about a customer who does not complain to the service provider after having a negative service experience. It is widely acknowledged that obtaining feedback from customers' service experiences is critical, and that if the

provider fails to obtain such valuable feedback, the opportunity to rectify the problem and retain the customer is lost (Ilias and Eirini, 2015). Negative word-of-mouth from a number of dissatisfied customers can also harm the company's reputation. It is frequently asserted that the absence of feedback from a number of dissatisfied customers represents a loss of potential and current customers. As a result, it is critical to comprehend the customer's service evaluation through increased understanding of the behavioural process and, in the case of a negative service experience, the complaint behaviour (Yao, 2016).

- ***Hypothesis 2 – Customer Understanding has a positive and significant effect on customer Loyalty in banking sector in selected private bank***

2.1.3.3. Customer Commitment

Customer commitment is a retention strategy that focuses on keeping people loyal by consistently delivering on the value proposition of the brand and cultivating relationships. Customer commitment is a marketing concept that emphasizes the entire customer experience, from first contact to post-purchase support. A service provider who focuses on long-term relationships with its customers will develop an over-benefiting strategy. Over-benefiting is motivated by the desire to increase profits through future purchases and positive word of mouth. Certainly, handling complaints can be viewed as delighting or disappointing the customer, depending on whether the customer's expectations were met or exceeded (Nashwan and Hassan, 2017).

- ***Hypothesis 3 – Customer Commitment has a positive and significant effect on customer Loyalty in banking sector in selected private bank***

2.1.3.4. Customer Responsiveness

Customer responsiveness is about being quick and accurate. The benefit of being correct is obvious: customers receive something that meets their needs. However, the value is also critically dependent on the speed with which the response is produced. Excellent customer responsiveness is defined as maximizing performance across both dimensions. However, according to interviews with top executives, this may necessitate an unexpected management style.

It refers to your company's ability to respond to service requests and fulfill them on time. This includes how quickly your agents initiate the interaction as well as how long it takes them to complete the customer's request.

The willingness and readiness of staff to deliver the service and respond to the needs of customers is referred to as responsiveness. It may entail mailing information or transaction details as soon as possible, returning phone calls as promised, and providing prompt service. Communication entails communicating with customers in their native language, listening to their requests, and responding appropriately. Customer communication commonly involves 'educating' the customer about a service, providing some interpretation of a specific issue, or providing guidance with a specific service problem (Yao, 2016).

- ***Hypothesis 4 – Customer Responsiveness has a positive and significant effect on customer Loyalty in banking sector in selected private bank***

2.2. Empirical Literature

2.2.1. Global Evidences

Kushnazarov (2019) provided the evaluation of the customer lifetime from the reach customer (claim future customer's attention) to the loyalty customer (turn a customer into a company advocate). During the discussion about the customer lifetime, readers will get acquainted with such technologies as funnel analysis, data management platform, customer profiling, customer behaviour analysis, and others. With the development of technology and continuously increasing of the market demand, the concept to produce better merchandises is generated in the companies. Each customer wants an individual approach or exclusive product, which creates the concept: "one customer one product." The implementation of the one-to-one approach in the current days is the main exciting task of companies. Millions of customers lead to millions of exclusive products from the manufactures' views. It is the primary step to study the needs of customers in the market economy. The main task for a company is to know the customer and to provide their desired products and services. In order to get knowledge ahead of the customers' wishes, a system of profiling potential customers is created accordingly. Ilias and Eirini (2015) investigated the impact of a company's CRM related human, organizational and technological resources on its CRM processes.

Regression analyses were then performed to examine the impact of CRM resources on customer life-cycle stages. The results highlighted that CRM organizational resources are the most vital, since they have a positive effect on the processes of all customer

life-cycle stages. Moreover, human resources were proved to have a significant effect on the early (initiation, acquisition, regain) and middle (maintenance, retention) customer life-cycle stages, while their impact on the late stages (expansion, exit) is minimal. Finally, technological resources were shown to have a small influence on the middle customer lifecycle stages.

Furthermore, to manage customers' satisfaction is a challenge for SMEs, especially for a new comer on the market. Step by step you need proceed to manage the customer life-cycle. Therefore, managing customers is one of the most important issues for a company. As the number of customers increased gradually in Golden Crop, the system of customer management is indeed needy. Segmentation and development are the most important part for Golden Crop to managing customer life-cycle as mentioned in all; the customer life time extension is a win-win result for company and customers. Thus, this study concluded that a customer is the life of a business. No business can survive without customers.

Eric et al., (2017) evaluated the effects of features of electronic customer relationship management (e-CRM) on customer loyalty. Using a cross-sectional survey design, data were collected from a convenience sample of customers of a major international Kenyan bank using self-administered questionnaires. The findings based on correlation and multiple regression analyses, revealed that pre-service, during (the) service and post transactional e-CRM features have a positive and significant relationship with loyalty, and that the pre-service and during the service features significantly predict loyalty. Atalla (220) examined the impact of customer relationship management practices on customer satisfaction as well as on customer loyalty in selected Jordanian banks. The service industry has always more challenging and competitive because customers are constantly demanding more services for less money. This has shifted organizations strategic plans and goals towards customer orientation and satisfaction. The importance of retaining existing customers and expanding business is paramount.

2.2.2. Empirical Research in Ethiopian Context

Meron (2017) evaluated the status and ways CRM has been put in to practice by selected Ethiopian private banks. In addition, this research considers different CRM dimensions such as trust, reciprocity, empathy, bonding and responsiveness. The result of the study indicated that, there are several loopholes; such as, lack of

continuous supervision and monitoring in the quality of bank services, weakness in giving individualized attention to customers, heavy reliance on suggestion boxes to get feedback from customers, lack of technological advancement etc. In addition to the above findings, the common challenge of the selected banks is network interruption. The finding also suggests some measures which can be taken in to consideration in order to enhance CRM practices of the three selected banks. The study also clearly revealed that the five CRM dimensions are strongly related.

Ayda (2017) examined the possible relationship between Customer relationship management and customer loyalty in the banking industry in Ethiopia. More specifically, the study tried to see the relationship of CRM with Trust, Commitment, conflict handling, and Communication & Primary data was obtained through structured questionnaire from customers selected banks i.e. CBE and ZB. A convince non probability sampling technique was used to sample between banking firms. Pearson Correlation and multiple regressions were used to establish the relationship between the independent and dependent constructs of the research. The findings revealed that the two independent variables (Conflict handling and Competence) are statistically important determinants of customer loyalty in the banking industry of Ethiopia whereas Commitment, Customer Responsiveness and Communication had positive relation with customer loyalty but not predictor of customer loyalty since they were not supported by the findings. A conclusion was drawn to the effect that since factor influencing customer loyalty have been established, banks should give appropriate focus to significant dimensions of CRM. Dawit (2019) assessed CRM practices across four dimensions (Key customer focus, Understanding Management, CRM Organization & Technology based CRM) and its effect on customer loyalty. The researcher collects data from DB customers by distributing questionnaires which measured their agreement and disagreement on CRM activities of the bank and their level of loyalty to the bank by using five-point Likert scale.

2.3. Research Gap

The assessment of literature highlights that numerous studies (from Ethiopia like Dawit (2019) to Atalla (2020) Jordanian banks) have been carried out on CRM practices across the globe. Some have evaluated the status and ways CRM has been put in to practice by selected Ethiopian private banks like Meron (2017). Others like

Ayda (2017) the impact of CRM practices on customer loyalty, and some have examined the effect of CRM practices on customer retention. Besides, others researches have also been found on e-CRM and customer loyalty. For example, Eric et al., (2017) evaluated the effects of features of electronic customer relationship management (e-CRM) on customer loyalty. As a final point, the present research will conduct to examine the impact of customer relationship management on customer loyalty based on customer life cycle.

Therefore, this research is different from previous researches because it has measured the effect on customer relationship management as well as on customer loyalty in private commercial banking industry of Ethiopia. Streamline life cycle processes, and Customer-relationship management (CRM) is an approach to manage a company's interaction with current and potential customers. It uses data analysis about customers' history with a company to improve business relationships with customers, specifically focusing on customer retention and ultimately driving sales growth. When people talk about CRM, they are usually referring to a CRM system, a tool that is used for contact management, sales management, productivity, and more. The goal of a CRM system is simple: Improve business relationships.

2.4. Conceptual Framework of the Study

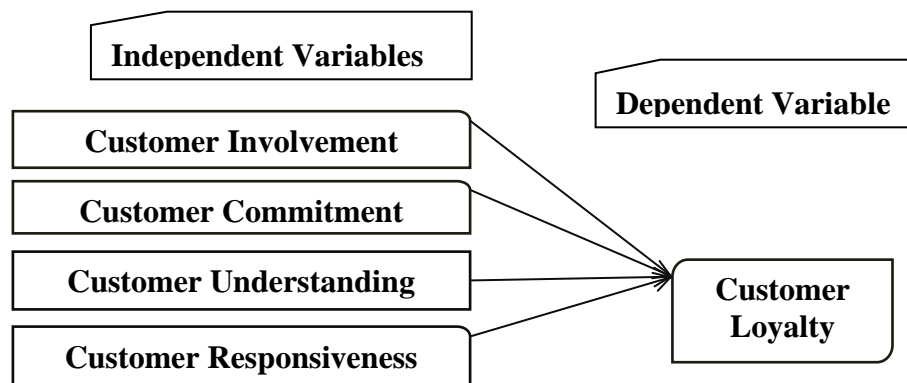


Figure 1 Conceptual Framework

Source: Ilias and Eirini (2015)

The researcher will use customer loyalty as the dependent variable and two independent variables i.e. involvement, understanding, commitment and responsiveness. Ilias and Eirini (2015) defined RM as the marketing approach aiming to recognize and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives

of all parties involved are met; and this is done by mutual exchange of fulfillment and promises. This definition implies that since each customer must be treated individually, the company must be in the position to recognize the relationship stage each customer is in and treat them in a customized manner. The introduction of various consecutive relationship stages in RM thinking lead to the formation of the customer life-cycle concept.

As they operate in a highly competitive environment, where the acquisition of new customers has often been proved much more expensive than retaining and expanding the ones they already have, RM strategies based on CRM systems are common place in today's banking industry (Atalla, 2020). It calls for shows researches to explore CRM to be the best business strategy for companies to differentiate themselves from their competitors. From all the studies made it is possible to know that CRM is an important marketing activity or function which can solve the challenges faced by this bank. Therefore, the significance of CRM in relation to banks in Ethiopia and in Addis Ababa has to be researched. Eric et al., (2017) conclude that enhancing e-CRM practices could be a strategic competitive tool to impact the banks' relationship with their customers. Since customer loyalty is key, especially in the highly competitive commercial banking environment. Retention of customers will be impossible if sound relationship does not exist between the firm and customers. Therefore, the term like CRM has come into existence and becomes popular in today world.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This section particularizes in detail the research approach & design, data type and sources, methods and tools of data analysis, operationalization and measurement of the study variables, ethical considerations and model development & specifications for the variables applied throughout the research.

3.2. Research Design

In general, explanatory & descriptive research design was employed in this study. This is because according to Kothari (2019) descriptive research designs together with inferential analysis aims to answer research questions about the current state of affairs, identify factors and relationships among them, and create a detailed quantitative description of phenomena. Explanatory research involves collecting data from a sample of individuals or objects to determine the degree of the relationships between two or more variables for the possibility to make predictions based on these relationships.

3.3. Research Approach

There are three types of research approaches mentioned in research method such as quantitative, qualitative, and mixed, where one of them is not better than the others, all of this depends on how the researcher want to do a research of study (Creswell, 2014). According to this book, given the three approaches there is some consideration a researcher need to give attention of which approach to use: the research problem, the personal experiences of the researcher and the audience for whom the research report will be written. Therefore, to better understand the attitudes/perception of the customers towards the existing relationship management of the bank, the researcher purely employed quantitative research approach in order to gather the intended data from the sample population.

3.4. Population and Sampling

3.4.1. Target Population

The population frame is customers of Dashen Bank in Addis Ababa who have at least one account and they were asked about their attitudes, behaviours, expectations, perceptions, reliability and responsiveness. This study had selected 172,134 customers who were involved in this study from four top branches and head office; out of 186 branches of this surveyed bank in Addis Ababa city (Internal Report of Dashen Bank, 2022). The target population for this study was 36,125 customers from Head Office, and 40,125 from Jemo Branch, 54,987 from Addisu Gebeya and 40,897 customers from Sebategna of four branches of Dashen Bank found in Addis Ababa City.

Table 1 Sampling Distribution based on Branches

S. No	Branches	Customers	Sample Size
1	Head Office	36125	84
2	Jemo	40125	93
3	Addisu Gebaye	54987	127
4	Sebategna	40897	95
Total		172134	399

Source: Internal report of Dashen Bank (2022)

3.4.2. Sample Size Determination

Yamane (1967) provided a simplified formula to calculate sample sizes. According to Yamane for any sample, given the level of precision of 0.05 and 95% confidence level, the sample size is given by: -

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{172,134}{1 + (172,134)(.05 * .05)}$$
$$n = 399.67$$
$$= 399$$

Where

n is the sample size,

N is the population size,

e is the level of precision (5%).

Following the above formula provided by Yamane (1967), the sample size considered for this study is determined to be 399 customers of Dashen Bank.

3.4.3. Sampling Technique

The Bank classified in Four District. These are East, North, South and West Districts. Four top branches were chosen for this study based on their 2021 revenue levels, low customer turnover rates, and high number customers. In addition, the selection of the four branches was based on the willingness of branch managers to cooperate for data collection by liaising with customers at the counter. Dashen Bank had 186 branches in Addis Ababa city as of May 27, 2022.

A simple random sampling was employed to select customers. The aim of using simple random sampling was to be sure that each customer has equal chance of being chosen.

3.5. Data Type and Sources

A field survey of Dashen Bank customers in selected Addis Ababa branches was used to collect data. In conducting this study, the researcher basically used primary data types for analysis and interpretation of the study results. Primary quantitative data was collected through self-administered five-point Likert-scale (Likert, 1932) questionnaires filled out by the existing customers of Dashen Bank branches located in Addis Ababa. In addition, reliable secondary data was also collected from different documents obtained from a review of related literature, previous research, and published journals, internal records of the company, the company's website (on the Internet), relevant books and articles, and other available sources.

3.6. Data Collection Instrument

3.6.1. Questionnaire

A closed-ended five-point Likert-scale questionnaire was used to collect data in this study to determine customers' perceptions of the bank's customer relationship management on loyalty. The questionnaire consisted of two parts. The first part was the demographic profile, which helped the researcher identify the participants' gender, age, educational background, monthly income, occupation, and length of customer relationship with the bank. The second part consisted of various items that helped the researcher investigate each determinant factor that reflects the perception level of customers towards the bank's relationship management and their level of loyalty to

the bank. All dimensions, including involvement, understanding, commitment, and responsiveness, were adopted from Ilias and Eirini (2015).

The questions were created using a five-point Likert scale (Likert, 1932), with 1 indicating strongly disagree, 2 indicating disagree, 3 indicating neutral, 4 indicating agree, and 5 indicating strongly agree. Respondents were asked to indicate their level of agreement or disagreement with each of the questions provided. A large number of researchers use this methodological instrument because it is relatively easy for respondents to use and because responses from such a scale are likely to be reliable. After collecting the distributed questionnaires, the data gathered was edited and carefully checked to eliminate improperly filled questionnaires so that only usable questionnaires would be considered for analysis. Next, the data was entered into SPSS software for analysis purposes. Finally, the data obtained after analysis was presented using different statistical tools and models.

3.7. Methods of Data Analysis

This study also used the most common statistical methods used for prediction purposes: simple and multiple regression analyses. The significance of correlational research stems from the fact that many complex and sophisticated statistical analyses are based on correlational data. In order to analyse and present the findings of the study, the Statistical Package for Social Science (SPSS) software program, version 20, was used. Each response of the respondents was coded, fed to the software, and analysed using descriptive statistical analysis techniques like frequency, percentage, mean, and standard deviation to summarize and describe the responses of participants. Both descriptive statistics and inferential analysis (regression and correlation) were employed to analyse the quantitative data obtained from the distributed questionnaire. Descriptive statistics such as the arithmetic mean, frequency distribution, standard deviation, and percentages were used to assess the demographic profile of the respondents to make the analysis more meaningful, clear, and easily interpretable. Descriptive statistics allow the researchers to present the data acquired in a structured, accurate, and summarized manner.

3.7.1. Model specification

The multiple regression model of the study is based on the theoretical regression model as indicated follows

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y= Customer Loyalty

β_0 = the constant.

X_1 –Customer Involvement

β_1 = the regression coefficient of Customer Involvement

X_2 - Customer Understanding

β_2 = the regression coefficient of Customer Understanding

X_3 - Customer Commitment

β_3 = the regression coefficient of Customer Commitment

X_4 – Customer Responsiveness

β_4 = the regression coefficient of Customer Responsiveness

e = error term.

3.8. Validity and Reliability

3.8.1. Validity

Validity is the degree to which a measure accurately represents what it is supposed to. It is concerned with how well the concept is defined by the measure. Therefore, this study addressed validity through the review of literature and the adaptation of instruments developed by well-known authors and also used in previous research.

3.8.2. Pilot Study

A pilot survey was conducted on 10 respondents prior to administering the questionnaire to the selected sample size. The pilot survey was conducted to check if the questionnaire was clear, easy to understand, and straightforward to ensure that the respondents could answer the questions with no difficulty. Based on the feedback from the pilot survey, necessary changes were made to the questionnaire before administering it to the selected sample size.

3.8.3. Reliability

Using Cronbach's alpha (α), the researcher performed a reliability test to assess the consistency of the study measurement for each construct item. Reliability estimates the consistency of the measurement, or more simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency (Kothari, 2019). That is, if we measure something many times and the result is the same, then we can say that our measurement instrument is reliable. We can say a measuring instrument is reliable if it provides consistent results. Cronbach's alpha coefficient is the most popular and commonly used technique to estimate the reliability or internal consistency of assessments and questionnaires in the behavioral sciences.

3.9. Expected Sign and Measurement of the Variables

This sub-section identified and operationalized the key variables of the study. The measurement and operational definition of the variables is shown below in Table 2.

Table 2. Measurement of the Study Variables

Variables	Expected Signs	Measurement	Hypothesis
Customer Involvement	+ve	Five point Likert scale	Involvement has a positive and significant effect on customer Loyalty in banking sector
Customer Commitment	+ve	Five point Likert scale	Commitment has a positive and significant effect on customer Loyalty in banking sector
Customer Understanding	+ve	Five point Likert scale	Understanding has a positive and significant effect on customer Loyalty in banking sector
Customer Responsiveness	+ve	Five point Likert scale	Responsiveness has a positive and significant effect on customer Loyalty in banking sector

Source: Survey's Output (2022)

3.10. Ethical Considerations

There were certain ethical protocols that were to be followed by the researcher. The first was to ask for explicit consent from the respondents. This ensured that their participation in the study was not out of their own desire. The researcher wanted to confirm that the respondents were aware of the objectives of the research and their contribution to its completion. One other ethical measure that was exercised by the researcher was treating the respondents with respect and courtesy. Following the above ethical considerations, the researcher motivated and initiated the respondents to feel at ease and be more likely to give honest responses to the items of the questionnaire. There were also ethical measures taken in the data analysis. To ensure the integrity of the data, the researcher checked the accuracy of the coding for the survey responses. This shall be carried out to ensure that the statistics generated from the study are truthful and verifiable.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1. Reliability Test Result

Reliability can be defined as its stability, consistency, or dependability. Cronbach's Alpha should be used to ensure the questionnaire's reliability. Ticehurst and Veal (2000) define reliability as the degree to which research findings would be the same if the study was repeated at a later date or with a different sample of subjects.

The Cronbach's alpha, the most widely used test of inter-item consistency and reliability, was used in this study to determine the validity of survey items. According to Sekaran (2000), reliabilities less than 0.6 are considered poor, those in the range of 0.7 are acceptable, and those greater than 0.8 are considered good. As a result, minimum coefficient alpha values of 0.700 are accepted to finalize the item validity.

Table 3. Cronbach's Alpha for all dimensions

Dimensions	Item Cronbach's Alpha	Reliability	Result
All	5	.783	Acceptable

Source: Own survey result 2022

Cronbach's Alpha for the entire questionnaire is 0.783 indicating that it is good reliability. As a result, the researcher established that the questionnaire was valid, reliable, and ready for distribution to the research sample.

4.2. Response Rate

To achieve the study's objectives, questionnaires were designed and distributed to a total of 399 respondents, and all of them were successfully collected, representing a 100% response rate. The analysis relied on the responses of customer's respondents as well as their loyalty evaluations. As a result, the effect of customer relationship management on customer loyalty in Dashen Bank has been statistically examined in this study.

4.3. Descriptive Analysis

Descriptive statistics were used to measure the participant's response using statistical tools such as mean, standard deviation, frequency, and percentage. Except for demographic information, all questionnaires were scored using the linkert scale, which included a scale of (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree.

4.4. Demographic Profile of Respondents

Table 4. Frequency table for respondent's demographic information

		Frequency	Percent	Valid	Cumulative
Gender	Male	180	45.1	45.1	45.1
	Female	219	54.9	54.9	100.0
	Total	399	100.0	100.0	
Age	18-28	136	34.1	34.1	34.1
	29-38	133	33.3	33.3	67.4
	39-48	88	22.1	22.1	89.5
	49-58	38	9.5	9.5	99.0
	Above 58	4	1.0	1.0	100.0
	Total	399	100.0	100.0	
Education	High School and Below	15	3.8	3.8	3.8
	Certificate	29	7.3	7.3	11.0
	Diploma	92	23.1	23.1	34.1
	First Degree	164	41.1	41.1	75.2
	Masters and Above	99	24.8	24.8	100.0
	Total	399	100.0	100.0	
Marital	Single	163	40.9	40.9	40.9
	Married	196	49.1	49.1	90.0
	Separated	22	5.5	5.5	95.5
	Divorced	18	4.5	4.5	100.0
	Total	399	100.0	100.0	
Monthly Income	Below 5000ETB	47	11.8	11.8	11.8
	5001-10000ETB	107	26.8	26.8	38.6
	10001-15000ETB	133	33.3	33.3	71.9
	Above 15000ETB	112	28.1	28.1	100.0
	Total	399	100.0	100.0	
Customer experience	Below 1 year	114	28.6	28.6	28.6
	1-3 years	101	25.3	25.3	53.9
	3-5 years	90	22.6	22.6	76.4
	More than 5 years	94	23.6	23.6	100.0
	Total	399	100.0	100.0	

Source: Own SPSS result 2022

Demographic characteristics are presented in frequency, percent, and cumulative percentage, and this study includes demographic variables such as respondents' gender, age, marital status, income, experience, and educational level.

According to Table 4, 54.9% of respondents are females, while 45.1% are males. The gender distribution data shows that there was a gender balance in the distribution of questionnaires. The results showed that female respondents outnumbered male respondents, and there was diversity among the respondents, so the data collected is not expected to be distorted by gender distribution factors. The majority of respondents (89.5%) are under the age of 48, while 10.5% are 49 and above. This demonstrates how much Dashen bank has young customers. 34.1% of respondents have a "Diploma or less," 41.1% have a Bachelor's degree, and 24.8% have a Master's degree or higher. This implies that respondents have the necessary basic knowledge and literacy level to understand and respond appropriately to the questionnaires they were asked to complete. The marital status of respondents shows that 49.1% are married, 40.9% are single, 5.5% are separated, and 4.5% are divorced. The majority of respondents earned between 10001 and 15000ETB. It accounts for 33.3% of the total sample in this study. Second, respondents earning more than 15,000 ETB account for 28.1% of the total sample. Following that, respondents with monthly income of 5001-10000ETB account for 26.8% of the total sample. Finally, respondents earning less than 5000ETB account for only 11.8% of the total sample. 76.4% of respondents have "less than 5 years" of customer experience with Dashen bank, while 23.6% have "more than 5 years" of experience with the bank.

4.5. Descriptive Statistics of variables

The following descriptive analysis explains how respondents provided their answers and agreement to each variable of the study, and how the researcher summarized the response agreement with their mean value and standard deviations. In accordance with descriptive statistical results, the values of mean and standard derivation were used to infer certain meaning for responses provided by respondents. A summary, interpretation, and comparison of the results were performed for the purpose of assigning meaning to statistical figures.

The respondents' responses to the variables listed below were measured on a five-point Likert scale, with 1 indicating strongly disagree, 2 indicating disagree, 3 indicating neutral, 4 indicating agree, and 5 indicating strongly agree. However, when interpreting the mean and standard deviation results, the scales are reassigned as follows to make the interpretation simple and clear. In measuring each variable with a five-point scale, the intervals for breaking the range are calculated as follows:

Agreement level = $\frac{\max - \min}{5} = \frac{5 - 1}{5} = 0.8$. Therefore, the range of the score indicates:

Table 5: The range of the score

Strongly Disagree	1.00 - 1.80
Disagree	1.81 - 2.6
Neutral	2.61 - 3.4
Agree	3.41 - 4.20
Strongly Agree	4.21 - 5.00
Disagree	1.81 - 2.6

Source: Own result 2022

According to table 6, “I always join this bank system development effort” among Customer Involvement statements, had the highest mean value (mean=3.57, SD=2.794) indicating that customers join and support the bank effort for development. The statement “I am contributing to this bank a lot” had the second highest mean value (mean=3.44, SD=1.787) indicating that the bank receives a lot of contributions from its customers. This was followed by the statements “I have a great connection with this bank” (mean=3.23, SD=0.976) and “I have a strong bond with this bank” (mean=3.14, SD=1.035). The statement “I highly participate in this bank system” has the fifth mean value from Customer Involvement statements (mean=3.12, SD=1.077).

The statement “Employees of the bank are willing to help customers” had the highest mean value (mean=3.84, SD=0.3.401) among Customer Understanding statements, indicating that dashen bank employees are doing great in helping customers. This was followed by the statements "The bank provides prompt service to its customers." (Mean=3.58, SD=0.966) and “The bank arranges special care to special customers” with Mean=3.49, SD=2.79.

Table 6: Descriptive Statistics result for CRM dimensions

Factors	Statements	Mean	Std.
Customer Involvement	I highly participate in this bank system	3.12	1.077
	I am contributing to this bank a lot.	3.44	1.787
	I always join this bank system development effort.	3.57	2.794
	I have a great connection with this bank.	3.23	0.976
	I have a strong bond with this bank.	3.14	1.035
Customer Understanding	The bank provides prompt service to its customers.	3.58	0.966
	Employees give genuine and detailed information regarding to any transaction of the bank.	3.48	1.022
	The behavior of the employees inspires confidence in customers.	3.47	0.997
	The bank arranges special care to special customers.	3.49	2.79
	Employees of the bank devote time to reply to any of your questions.	3.26	0.99
	Employees of the bank are willing to help customers.	3.84	3.401
Customer Commitment	The bank promise for quality service all the time.	3.29	1.037
	The Bank is committed in providing easy transactions.	3.19	1.098
	My relationship with the bank is the one that I really care about.	3.54	2.276
	I am committed towards this bank.	3.25	1.092
	The Bank is committed in providing speedy transactions.	3.29	1.020
	This bank assures to provide excellent services.	3.31	1.028
Customer responsiveness	There are always adequate numbers of employees to respond to your needs at the branches of this bank.	3.32	1.096
	This bank's employees tells me exactly when the service will be performed	3.33	.998
	I receive prompt service from this bank.	3.21	.994
	This bank's employees are always helpful.	3.35	1.004
	This bank's employees are never busy to respond to your enquires	3.44	.978
Customer Loyalty	I am not intending to leave this bank in the future.	3.12	1.077
	I find it difficult to switch to other bank because of what I get from this bank.	3.44	1.787
	I will always choose this bank over any other banks.	3.26	.990
	I am confident of giving positive word of mouth testimonies to others about this bank.	3.58	.966
	I am a loyal customer to the bank	3.19	1.098
	The bank always come to my mind at time of need for bank service	3.35	1.004

Source: Own SPSS result 2022

According to table 6, “My relationship with the bank is the one that I really care about” had the highest mean value (mean=3.54, SD=2.276) among customer commitment statements, indicating that respondents care a lot about the relationship with Dashen bank. This was followed by the statements “This bank assures to provide excellent services” with mean 3.31 and SD 1.028, “The Bank is committed in providing speedy transactions” (mean=3.29, SD=1.02) and “The bank promise for quality service all the time” (Mean=3.29, SD=1.037). The statement “I am committed towards this bank” has the fifth mean value from customer commitment statements (mean= 3.25, SD=1.092). The sixth-ranked statement, “The Bank is committed in providing easy transactions” has (mean=3.19, SD=1.098), implying that respondents in this study agreed less with easy transactions of the bank.

“This bank’s employees are never busy to respond to your enquires” had the highest mean value (mean=3.44, SD=0.978) among customer responsiveness statements, indicating that Dashen bank employees are responding well to customers. This was followed by the statements “This bank’s employees are always helpful” (mean=3.35, SD=1.004) and “This bank’s employees tells me exactly when the service will be performed” (Mean=3.33, SD=0.998). The statement “There are always adequate numbers of employees to respond to your needs at the branches of this bank” has the fourth mean value from customer responsiveness statements (mean= 3.32, SD=1.096). The fifth-ranked statement, “I receive prompt service from this bank” has (mean=3.21, SD=0.994), implying that respondents in this study agreed less with this statement.

“I am confident of giving positive word of mouth testimonies to others about this bank.” had the highest mean value (mean=3.58, SD=0.966) among customer loyalty statements, indicating that Dashen bank customers are happy to give good testimonies.

4.6. Inferential statistics

4.6.1. Correlation Analysis

Pearson correlation analysis was used to test the relationship between CRM factors and Customer Loyalty. Pearson's correlation coefficient, which ranges from -1.0 to +1.0, indicates the strength and direction of the association between the two variables. If correlation coefficient (r) is 0.1 - 0.29 it is considered weak correlation; 0.3 - 0.49 is considered moderate; and > 0.5 is considered high degree correlation (Field, 2005). The bivariate correlation of a two-tailed test confirms the presence of a statistically significant difference at p 0.05, assuming a 95% confidence interval on statistical analysis.

According to Table 7, all the independent variables are positively and significantly correlated with the dependent variable at 95% confidence level. The highest correlation is Customer Understanding ($r = 0.647$), followed by Customer Involvement ($r = 0.598$), Customer Commitment ($r = 0.564$), and Customer Responsiveness ($r = 0.557$). The correlation matrix shows that there is a positive and significant relationship between CRM dimensions and customer loyalty.

Table 7: Correlation between CRM factors and Customer Loyalty

		Customer Involvement	Customer Understanding	Customer Commitment	Customer Responsiveness	Customer Loyalty
Customer Involvement	r	1				
	Sig	.000				
	N	399				
Customer Understanding	r	.431**	1			
	Sig	.000				
	N	399	399			
Customer Commitment	r	.299**	.461**	1		
	Sig	.000	.000			
	N	399	399	399		
Customer Responsiveness	r	.315**	.404**	.511**	1	
	Sig	.000	.000	.000		
	N	399	399	399	399	
Customer Loyalty	r	.598**	.647**	.564**	.557**	1
	Sig	.000	.000	.000	.000	
	N	399	399	399	399	399
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Own SPSS result 2022

4.6.2. Tests for multiple regression assumptions

Prior to running regression, the researcher should check for, linearity, autocorrelation, multi-co linearity, homoscedasticity, outlier and data normality.

4.6.2.1. Test for linearity assumption

The first assumption of Multiple Regression is linearity assumption between the independent variables and dependent variable. The data are plotted against a theoretical normal distribution in such a way that the points should form an approximately straight line. A departure from the straight line is considered as departure from normality.

According to figure 2, it was found that the independent variables have linear relationship with dependent variable indicating that the linearity assumption is fulfilled.

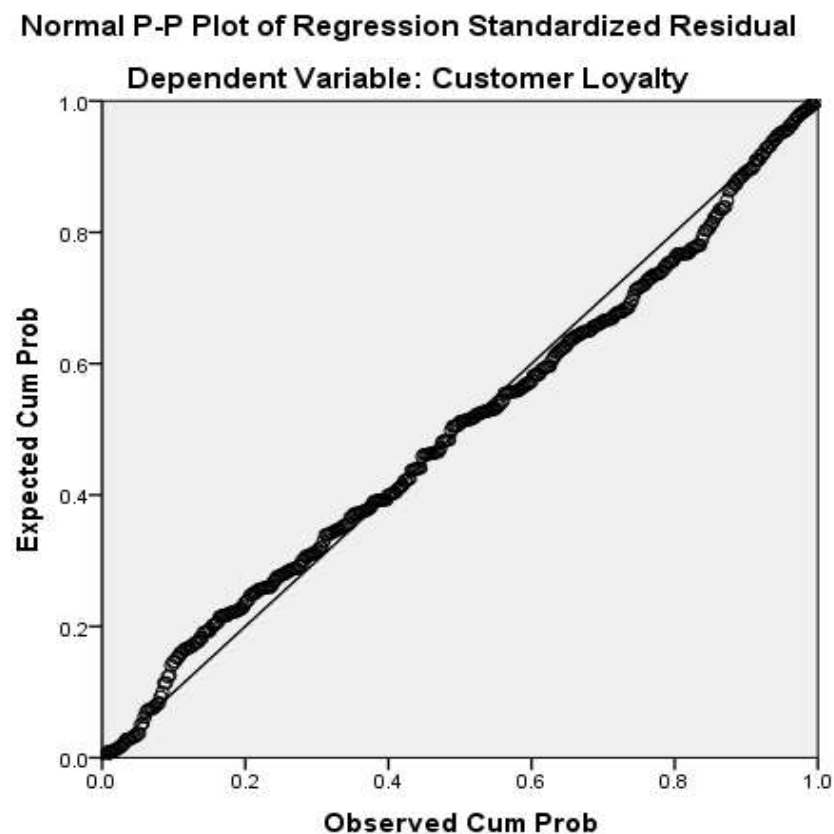


Figure 2: Linearity test plot for independent and dependent variables

4.6.2.2. Test for autocorrelation assumption

To check whether the values of the residuals are not related to independent variable (Autocorrelation assumption), Durbin-Watson is used. If the value is between 1.5 and 2.5, there is no relationship between the residual variable and the independent variable.

Table 8: Autocorrelation test result

Model	Durbin-Watson
1	2.065

Source: Own SPSS result 2022

4.6.2.3. Test for normality

Descriptive statistics were created to assess the normality of the data collected. If a normal distribution has a symmetric bell- shaped curve, and the mean, median, and modes are equal or close to each other, it is possible to conclude the data is normally distributed.

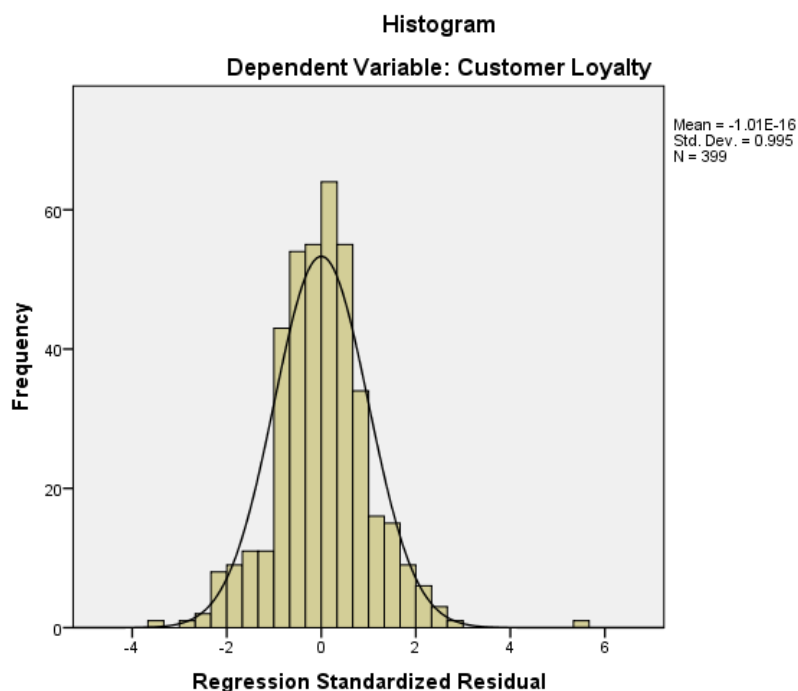


Figure 3: Residual distribution curve

Therefore figure 3 above shows the underlying frequency distribution, which has bell-shape curve indicating that the data are normally distributed and the inferences made about the population parameters from the sample statistics tend to be valid.

4.6.2.4. Test for multi-co linearity

When two or more independent variables are highly correlated with one another, this is referred to as multi-collinearity (DeFusco, 2007). The multicollinearity test was performed to determine whether the independent variables (Customer Involvement, Customer Understanding, Customer Commitment, Customer Responsiveness) are interrelated. The Multi-collinearity tests for this study were carried out using tolerance and variance inflation factor (VIF) analysis.

According to Field (2005), intercorrelation of independent variables with tolerance values greater than 0.1 and VIF values less than 10 is considered free of multicollinearity constraint. As shown in Table 9, the tolerance values of all independent variables are greater than 0.1, and the VIF values are less than 10, indicating the absence of muticollnearity. As a result, the variables were retained in the current research model and used for further analysis.

Table 9: Test of Multi-Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
Multi-Collinearity	Customer Involvement	.787	1.270
	Customer Understanding	.674	1.484
	Customer Commitment	.659	1.518
	Customer Responsiveness	.691	1.448

Source: Own SPSS result 2022

4.6.2.5. Test for outlier

If there are no circles or asterisks on either end of the box plot, this is an indication that no outlier is present. As clearly shown in figure 4, there is no outlier on either side of the plot. Therefore test for outlier is fulfilled and the data is ready for further analysis.

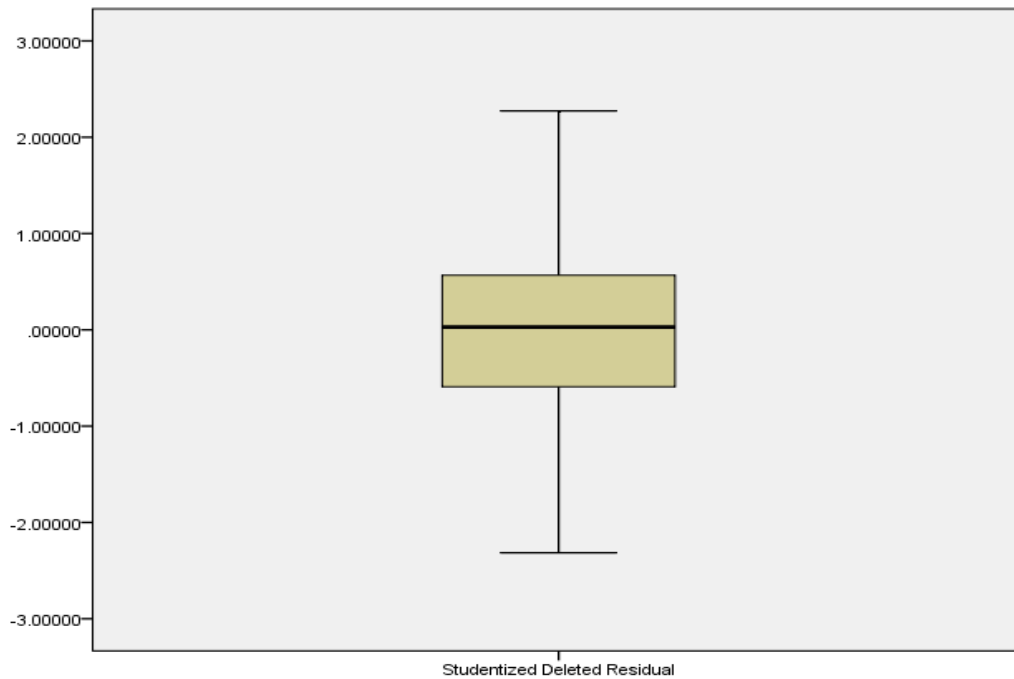


Figure 4: Outlier box plot

4.6.2.6. Test for heteroscedasticity

If there is a clear pattern on the scatter plot, it is concluded that there is heteroscedasticity problem. As shown on figure 5, it appears that the spots are diffused and do not form a clear specific pattern. Therefore, it can be concluded that the regression model does not occur heteroscedasticity problem.

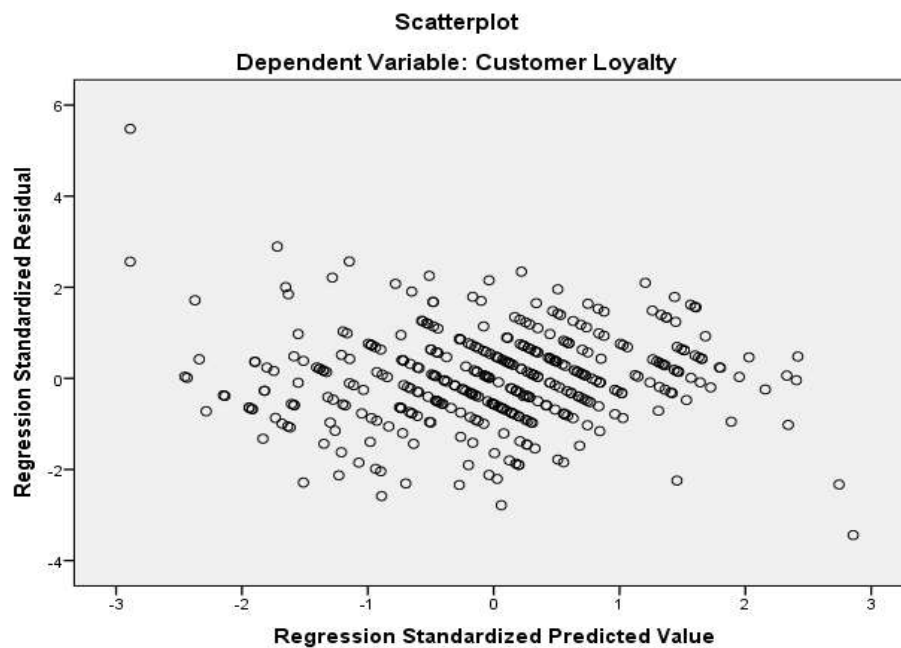


Figure 5: Test for heteroscedasticity

4.6.2.7. Test of Significance

As shown on table 10, the F-test associated with a value is significant (if the value in the column labeled sig. is less than 0.05), it means that there is statistically significant relationship between variables.

Table 10: Test of significance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.083	4	17.271	177.387	.000 ^b
	Residual	38.361	394	.097		
	Total	107.444	398			
a. Dependent Variable: Customer Loyalty						
b. Predictors: (Constant), Customer Responsiveness, Customer Involvement, Customer Understanding, Customer Commitment						

The analysis of variance tells us whether the overall model results are statistically significant in predicting the outcome variable. The relationship between the dependent and independent variables of the study is described using analysis of variance (ANOVA) of regression analysis results.

The overall ANOVA result for the regression coefficient revealed ($F=177.387$, p value = 0.000^b). The results show that the P value of 0.00, which is less than 0.05, indicates that the regression model statistically and significantly predicts the outcome variable and thus a good fit model for the data analysis. This suggests that in Dashen bank, there is a significant positive relationship between customer relationship management (Customer Responsiveness, Customer Involvement, Customer Understanding, and Customer Commitment) and Customer Loyalty.

4.6.3. Regression Analysis

Multiple regression analysis is used to determine how much the independent variables influence the dependent variable. The model summary table indicates the strength of the relationship between the independent and dependent variables.

Table 11: Multiple Regression Analysis

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.802 ^a	.643	.639	.31203
a. Predictors: (Constant), Customer Responsiveness, Customer Involvement, Customer Understanding, Customer Commitment				
b. Dependent Variable: Customer Loyalty				

Source: Own SPSS result 2022

According to Table 11, R-Square (coefficient of determination) is a commonly used statistic to assess model fit. The adjusted R^2 , also known as the coefficient of multiple determinations, is the percentage of the variance in the dependent variable explained solely or jointly by the independent variables. The coefficient of determination measures how well the regression model explains the variation of the dependent variable. The closer R^2 value is to 1, the better the independent variables predict the dependent variables. According to the analysis, 64.3% of the changes in the customer loyalty could be attributed to the combined effect of the predictor variables, or there is 64.3% of variation in customer loyalty due to customer relationship management variables, and the remaining 35.7% variation is explained by other external factors or variables known as exogenous variables that are not part of this study.

According to the model summary in table 11, the value (R=.802a) represents the correlation coefficients between the independent variables and dependent variable. This standard error estimate is 0.31203, indicating the variability of correlation model. Generally, the model is statistically significant.

4.6.4. Un-Standardized Beta coefficient

The beta value of a regression can be standardized or unstandardized, and it represents the contribution of a single independent variable when all other variables are held constant. Unstandardized beta value is used to specify the contribution of each independent variable to the dependent variable, while standardized beta value is used when it is necessary to compare the contributions of each independent variable with one another. The researcher found that the all independent variables significantly contribute to dependent customer loyalty after analyzing the regression coefficient.

The contribution of each independent variable is as follows: Customer Involvement ($\beta=0.281$), Customer Understanding ($\beta=0.269$) Customer Commitment ($\beta=0.162$) and Customer Responsiveness ($\beta=0.180$).

Each of these beta values has a standard error associated with it, which indicates how much these values would vary across different samples, as shown in table 11. These standard errors are used to assess whether or not the β value deviates significantly from zero.

Table 12: Coefficients of CRM Dimensions

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.281	.117		2.408	.016
Customer Involvement	.269	.028	.329	9.689	.000
Customer Understanding	.295	.033	.323	8.799	.000
Customer Commitment	.162	.029	.206	5.561	.000
Customer Responsiveness	.180	.030	.218	6.008	.000

Source: Own SPSS result 2022

4.6.5. Optimal Regression Coefficients

As seen in table 12 above, a positive coefficient exists, meaning that the predicted value of the dependent variable rises as the value of the independent variables rises. Since the partial regression coefficients for each of the four predictors in the model are positive, this suggests that customer relationship management has a favourable impact on customer loyalty whenever independent variable increases.

When all other variables are held constant, it was found that every time Customer Involvement increases by 1 unit, customer loyalty increases by 26.9 units and this is significant at $p < 0.05$. When Customer Understanding increases by 1 unit, customer loyalty increases by 29.5 units and this is significant at $p < 0.05$. When Customer Commitment increases by 1 unit, customer loyalty increases by 16.2 units and this is significant at $p < 0.05$. When all other variables are held constant, increasing Customer Responsiveness by 1 unit increases in customer loyalty by 18 units and this is significant at $p < 0.05$.

Thus the optimal regression equation is formulated as follow:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y= Customer Loyalty

β_0 = the constant.

X_1 –Customer Involvement

β_1 = the regression coefficient of Customer Involvement

X_2 - Customer Understanding

β_2 = the regression coefficient of Customer Understanding

X_3 - Customer Commitment

β_3 = the regression coefficient of Customer Commitment

X_4 – Customer Responsiveness

β_4 = the regression coefficient of Customer Responsiveness

ε =error term

The linear equation is written as follows, taking the regression coefficient result into consideration:

$$Y = .281 + .269X_1 + .295X_2 + .162X_3 + .180X_4 + \varepsilon$$

When comparing the standardized beta coefficient of each independent variable, customer involvement has the greatest impact with a value of (β) =.329. Customer understanding is the second variable with a high level of impact on customer loyalty, with a value of (β) =.323, followed by customer responsiveness with a value of (β)=.218 and customer commitment with a value of (β)=. 206.

4.7. Hypotheses Testing

4.7.1. Customer Involvement

From the model summary, Customer Involvement has significant positive effect on customer loyalty in Dashen bank SC with (β =.269, and p value 0.000). This means that an increase in customer involvement will increase customer loyalty significantly. As a result the alternative hypothesis (i.e. Customer Involvement has a positive and significant effect on customer Loyalty in banking sector in selected private bank) was supported and the null hypothesis was rejected. Therefore, it can be concluded that customer involvement had significant positive effect on customer loyalty in Dashen bank SC.

4.7.2. Customer Understanding

Customer understanding has also a significant positive effect on customer loyalty in Dashen bank with $\beta=.295$, and p value 0.000 which is less than 0.05. This means that an increase in customer understanding will increase customer loyalty significantly. The alternative hypothesis: “Customer Understanding has a positive and significant effect on customer loyalty in banking sector in selected private bank” was supported and the null hypothesis was rejected.

Therefore, it can be concluded that customer understanding had significant positive effect on customer loyalty.

4.7.3. Customer Commitment

According to regression analysis, customer commitment has significant positive effect on customer loyalty in Dashen bank SC with ($\beta=.162$, and p value 0.000). This means that an increase in customer commitment will increase customer loyalty significantly. The alternative hypothesis: “Customer Commitment has a positive and significant effect on customer loyalty in banking sector in selected private bank” was supported and null hypothesis was rejected. Therefore, it can be concluded that customer commitment had significant positive effect on customer loyalty.

4.7.4. Customer Responsiveness

From the model summary, customer responsiveness has significant positive effect on customer loyalty in with ($\beta=.180$, and p value 0.000). This indicates that an increase in customer responsiveness will increase customer loyalty significantly. The alternative hypothesis: “Customer Responsiveness has a positive and significant effect on customer loyalty in banking sector in selected private bank” was supported and the null hypothesis was rejected. Therefore, it can be concluded that Customer Responsiveness had significant positive effect on customer loyalty.

Table 13: Summary of Hypothesis Testing

Hypothesis	Statement	β- value	p- value	Status
1	Customer Involvement has a positive and significant effect on customer Loyalty in banking sector in selected private bank.	.269	.000	Supported
2	Customer Understanding has a positive and significant effect on customer Loyalty in banking sector in selected private bank.	.295	.000	Supported
3	Customer Commitment has a positive and significant effect on customer loyalty in banking sector in selected private bank.	.162	.000	Supported
4	Customer Responsiveness has a positive and significant effect on customer loyalty in banking sector in selected private bank.	.180	.000	Supported

Source: Own SPSS result 2022

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter finalizes the study by providing the summary of key findings, conclusions, recommendations, and areas of further studies.

5.2. Summary of Major Findings

This study aimed to examine the effect of the effect of customer relationship management on customer loyalty in Dashen bank. The study relied on theoretical and empirical studies on customer relationship management dimensions and consequently developed a conceptual model of the relationship between the independent and dependent variable. The hypothesized relationships were then proofed empirically.

According to the findings, CRM significantly affects customer loyalty in Dashen bank SC. The descriptive data analysis shows that the majority of respondents agreed with the statements made about CRM and its favorable effect on customer loyalty. According to the inferential analysis of CRM, there is a significant and highly correlated positive relationship between all CRM dimensions and customer loyalty. The statistics also discovered that in Dashen bank, CRM could account for 64.3% of variation in customer loyalty.

Customer Involvement has a significant, positive effect on customer loyalty. There is a strong positive correlation between customer involvement and customer loyalty. The majority of respondents agreed with the customer involvement statement and its effect on customer loyalty, and this was determined from their responses. The mean value of the variable implied that the majority of responses were attributed to the agree rate. Regression analysis also showed that Customer Involvement have a positive, significant effect on customer loyalty. The alternative hypothesis was also accepted.

As per the analysis, customer understanding has significant, positive effect on customer loyalty. Regression analysis showed that customer understanding has a positive, significant effect on customer loyalty and thus, alternative hypothesis was accepted or null hypothesis was rejected.

According to the study, the customer commitment has a significant, positive effect on customer loyalty. There is a strong positive correlation between customer commitment and customer loyalty. The majority of respondents indicated their agreement with the customer commitment statement and its effect on customer loyalty, and this was determined from their responses. Therefore, the alternative hypothesis was also accepted or null hypothesis was rejected.

Customer Responsiveness has also a significant, positive effect on customer loyalty. There is a strong positive correlation between Customer Responsiveness and customer loyalty with beta value 0.180. The majority of respondents indicated their agreement with the Customer Responsiveness statement and its effect on customer loyalty, and this was determined from their responses. Therefore, the alternative hypothesis was also accepted.

5.3. Conclusions

The results demonstrated that the impact of customer relationship management on customer loyalty is both favorable and considerable. This implies that if Dashen Bank SC puts a strong emphasis on customer relationships, customer loyalty will increase. Customer Understanding had the biggest impact on boosting customer loyalty from Dashen Bank SC's CRM strategies. In addition to having a greater impact on maximizing customer loyalty, customer involvement, customer commitment, and customer response all play important roles. Even though Dashen Bank SC uses the CRM idea, there is no CRM-specific department or post with the CRM title. Therefore, this study concludes that in order to improve the success of the bank, there should be a high level of concentration on customer relationship management.

The methods of customer relationship management that include customer involvement, customer understanding, customer commitment, and customer responsiveness were also implied to have a substantial impact on customer loyalty.

Customer relationships are beneficial due to the positive impact they have on customer loyalty. It has been concluded that a bank's ability to effectively manage

customers Issues is strongly related to customer loyalty and any improvement made in CRM will result in astoundingly loyal customers.

Customer understanding is a critical component of customer loyalty, and when relationships are maintained with customers based on clear communication and empathy, they tend to develop high levels of trust. This leads to continued patronage and an eagerness for company enrichment.

The study found that customer involvement has a significant positive impact on customer loyalty, and providing an environment in which customers are involved is key to maintaining this valuable relationship. It is understood that a strong relationship exists between customer involvement and loyalty, which results in the conclusion that providing opportunities for customers to participate in banking development processes, such as new services, marketing, and transaction activity can make them part of the bank system. This experience will result in Customers keeping Dashen Bank as their regular financial institution for a long time with trust being built over time.

Finally, it can be stated that effective customer relationship management is essential for banks in order to maintain the patronage of their existing customers. This strategy helps these financial institutions succeed by providing continuity and sustenance for those who have already made a purchase from them.

5.4. Recommendation

The study found that the following measures are necessary in order to reap the benefits of implementing CRM activities and generating customer loyalty at Dashen bank.

- ❖ It is essential for Dashen Bank to consider all aspects of customer service when developing CRM policies, as these factors have a significant impact on long-term loyalty.
- ❖ The best customer relationship management practices should be applied in order to achieve consistently successful results with customers. In order for the bank to successfully implement these tactics, its front line workers need extensive training on CRM concepts so they can better understand their customers' needs and preferences.

- ❖ Dashen Bank should focus on delivering quality customer service and ensuring that customers are responsive in order to build loyalty. Additionally, training employees on how to correctly execute transactions and deliver promised services is essential for sustaining these relationships. In order to increase reliability, Dashen should make good on their promises as often as possible.
- ❖ Dashen bank should work to improve the process and procedures for addressing customer complaints and problems, which can foster customer loyalty.
- ❖ The researcher also suggests that further research be conducted on the effects of CRM on customer loyalty in the banking industry.
- ❖ Finally, it is recommended that Dashen Bank SC implement, monitor, and evaluate CRM and related activities in order to maintain vital customer relationships that will aid in tailoring their loyalty.

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ANNEX

Questionnaire

ST.MARY'S UNIVERSITY SCHOOL OF POST GRADUATE STUDIES

Customer Satisfaction Survey *(To be filled by Customers)*

Dear respondent,

I am Fraol Bayissa , a postgraduate Marketing Management student at St Mary University in Addis Ababa. The main purpose of the study is to assess the Effect of Customer Relationship Management (CRM) on Customer's Loyalty: Evidence from Dashen leading private commercial bank in Addis Ababa. This study will be conducted only for academic purpose.

In addition, I ensure you that the information provided will be kept confidential and will not be used for any other purpose. Your highly valued responses for the questions are extremely important for successful completion of my thesis. As a final point, I would like to thank you very much for your kind cooperation and spending your valuable time for my request. Your participation is voluntary and no need to write your name.

Please contact me at (+251947667323) or (fraolbayissa1217@gmail.com) if you have any queries about this study.

Direction:

- Do not write your name.
- Put a tick mark “√” in the space provided in front of each item.
- The questionnaire has three parts that includes respondents profile and study related questions.

Best Regards,

Thank you

Part I: General Profile.

Direction: Please select an appropriate response category by putting a check mark (√) on the one that corresponds to your response.

1. Gender

❖ Male ☐

❖ Female ☐

2. Age

❖ 18-28 ☐

❖ 49-58 ☐

❖ 29-38 ☐

❖ Above 58 ☐

❖ 39-48 ☐

3. What is your level of Education?

❖ High school and below ☐

❖ First Degree ☐

❖ Certificate ☐

❖ Masters and above ☐

❖ Diploma

4. Marital status

❖ Single ☐

❖ Separated ☐

❖ Married ☐

❖ Divorced ☐

5. Monthly Income

❖ Below 5000ETB ☐

❖ Above 15000ETB ☐

❖ 5001-10000ETB ☐

❖ 10001-15000ETB ☐

6. How long have you been a customer of this bank?

❖ Below 1 year ☐

❖ 1-3 years ☐

❖ 3-5 years ☐

❖ More than 5 years ☐

Part II: Customer Relationship Management Dimensions

Direction: Please rate the extent to which customer relationship management dimensions and the level of customer loyalty of this bank. Please respond to the following statements by placing a check mark (✓) in the answer box that corresponds to your response, Where (1=strongly disagree (SD); 2=Disagree (D); 3=Neutral (N); 4=Agree (A); and 5=strongly agree (SA)

No	Measurement Items	Measurement Scale				
		SD	D	N	A	SA
		1	2	3	4	5
Customer Involvement	I highly participate in this bank system					
	I am contributing to this bank a lot.					
	I always join this bank system development effort.					
	I have a great connection with this bank.					
	I have a strong bond with this bank.					
Customer Understanding	The bank provides prompt service to its customers.					
	Employees give genuine and detailed information regarding to any transaction of the bank.					
	The behaviour of the employees inspires confidence in customers.					
	The bank arranges special care to special customers.					
	Employees of the bank devote time to reply to any of your questions.					
	Employees of the bank are willing to help customers.					
Customer Commitment	The bank promise for quality service all the time					
	The Bank is committed in providing easy transactions					
	My relationship with the bank is one that I really care about					
	I am committed towards this bank.					
	The Bank is committed in providing speedy transactions					
	This bank assures to provide excellent services.					
Customer Responsiveness	There are always adequate numbers of employees to respond to your needs at the branches of this bank.					
	This bank's employees tells me exactly when the service will be performed					
	I receive prompt service from this bank.					
	This bank's employees are always helpful.					
	This bank's employees are never busy to respond to your					

	enquires					
Customer Loyalty	I am not intending to leave this bank in the future.					
	I find it difficult to switch to other bank because of what I get from this bank.					
	I will always choose this bank over any other banks.					
	I am confident of giving positive word of mouth testimonies to others about this bank.					
	I am a loyal customer to the bank					
	The bank always come to my mind at time of need for bank service					

Thank you for taking your quality time to respond to this research questionnaire

Part II Interview Checklist

Dear Sir/Madam,

I really appreciate for your valuable responses to the following checklists. It will not take much of your time. Shall I proceed with my questions?

Thank you

1. Do you think involvement enhance customer loyalty in this bank in Addis Ababa?

2. Is this bank handling customer relationship properly in Addis Ababa? If yes, how these respond to customer complaints and request?

3. Do you think understanding and commitment of customers' important factor to enhance loyalty that helps to manage CRM and deliver quality Service?

4. Do you think customer responsiveness is clearly presented in this bank?

Thank you!

Part III - SPSS Outputs

Correlations

		Correlations		
		Customer Involvement	Customer Understanding	Customer Commitment
Customer Involvement	Pearson Correlation	1	.431**	.299**
	Sig. (2-tailed)		.000	.000
	N	399	399	399
Customer Understanding	Pearson Correlation	.431**	1	.461**
	Sig. (2-tailed)	.000		.000
	N	399	399	399
Customer Commitment	Pearson Correlation	.299**	.461**	1
	Sig. (2-tailed)	.000	.000	
	N	399	399	399
Customer Responsiveness	Pearson Correlation	.315**	.404**	.511**
	Sig. (2-tailed)	.000	.000	.000
	N	399	399	399
Customer Loyalty	Pearson Correlation	.598**	.647**	.564**
	Sig. (2-tailed)	.000	.000	.000
	N	399	399	399

		Correlations	
		Customer Responsiveness	Customer Loyalty
Customer Involvement	Pearson Correlation	.315	.598**
	Sig. (2-tailed)	.000	.000
	N	399	399
Customer Understanding	Pearson Correlation	.404**	.647
	Sig. (2-tailed)	.000	.000
	N	399	399
Customer Commitment	Pearson Correlation	.511**	.564**
	Sig. (2-tailed)	.000	.000
	N	399	399
Customer Responsiveness	Pearson Correlation	1**	.557**
	Sig. (2-tailed)		.000
	N	399	399
Customer Loyalty	Pearson Correlation	.557**	1**
	Sig. (2-tailed)	.000	
	N	399	399

Regression

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.802 ^a	.643	.639	.31203	2.065

a. Predictors: (Constant), Customer Responsiveness, Customer Involvement, Customer Understanding, Customer Commitment

b. Dependent Variable: Customer Loyalty

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	69.083	4	17.271	177.387	.000 ^b
Residual	38.361	394	.097		
Total	107.444	398			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Customer Responsiveness, Customer Involvement, Customer Understanding, Customer Commitment

Coefficients^a

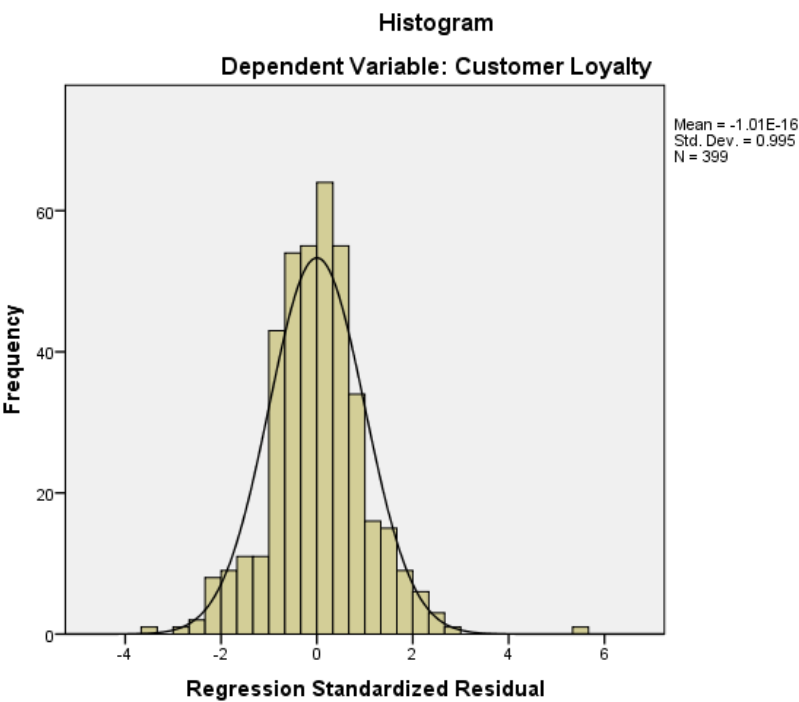
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.281	.117		2.408	.016
Customer Involvement	.269	.028	.329	9.689	.000
Customer Understanding	.295	.033	.323	8.799	.000
Customer Commitment	.162	.029	.206	5.561	.000
Customer Responsiveness	.180	.030	.218	6.008	.000

Coefficients^a

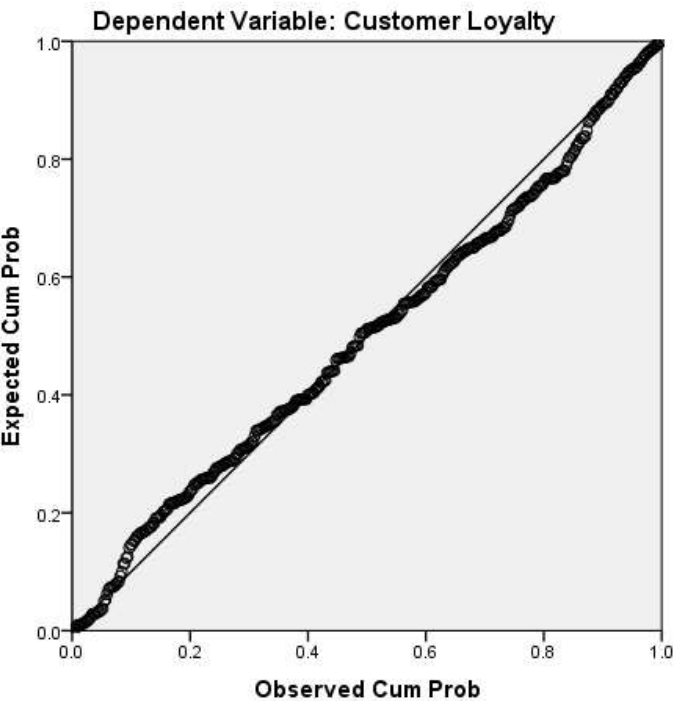
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Customer Involvement	.787	1.270
Customer Understanding	.674	1.484
Customer Commitment	.659	1.518
Customer Responsiveness	.691	1.448

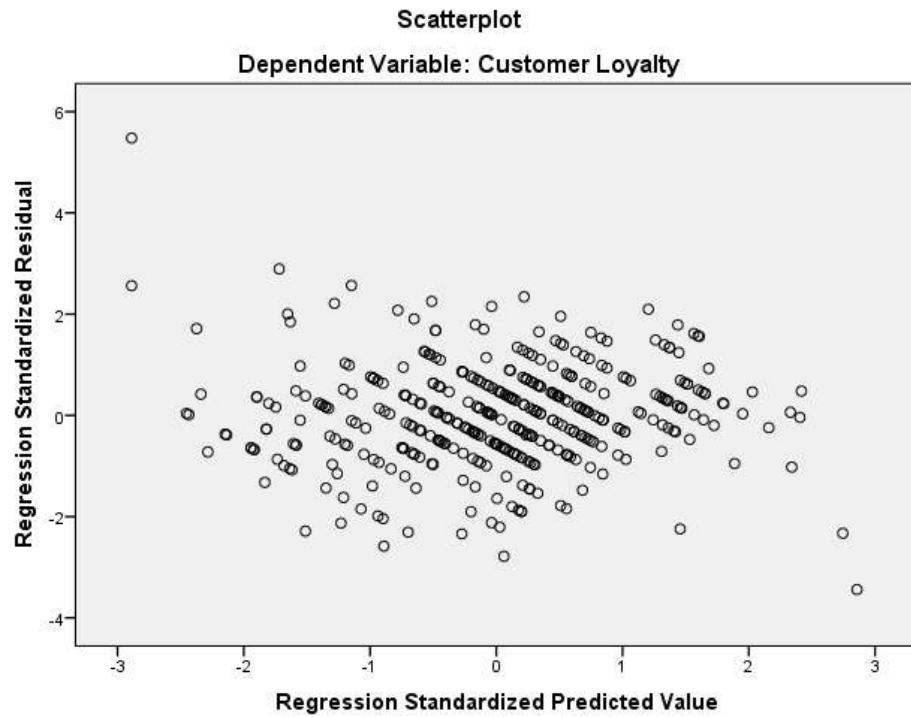
a. Dependent Variable: Customer Loyalty

Charts



Normal P-P Plot of Regression Standardized Residual





Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Studentized Residual	.053	399	.009	.976	399	.000

