



**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MBA PROGRAM**

**THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN  
BANKING SECTOR-THE CASE OF DASHEN BANK SC**

**BY**

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**MAY 2015**

**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
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## DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Temesgen Belayneh (Ph.D.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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## **ENDORSEMENT**

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

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Advisor

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## ACRONYMS

1. **RM**- Relationship Marketing
2. **SPSS**-Statistical Package for the Social Sciences
3. **ANOVA**- Analysis of variance
4. **CRM**- Customer Relationship Management
5. **RIW**- Relative Importance Weight

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## **ABSTRACT**

*The purpose of this paper is to explore the impact of relationship marketing on customer loyalty in banking sector in the case of Dashen Bank SC. The study considered five construct dimensions of relationship marketing such as, **Trust, Commitment, Communication, Conflict handling and competence**, to measure the customer loyalty of Dashen Bank SC. The researcher used both qualitative and quantitative research design, where much emphasis has been given for the latter. Among the various quantitative methods, the researcher used explanatory study, where emphasis is given on studying a situation or a problem in order to explain the relationship between variables. 15 (Fifteen) representative Area Banks was selected out of the total population based on judgemental (purposive) sampling technique and customer of the Bank are selected based on convenient random sampling technique. 250 customers were selected based on statistical formula developed by Daniel (1999). The data collection instruments were adopted from some previous study Ndubisi&Wah (2005), which consists of 35(Thirty Five) items. Validity and Reliability test was conducted to check the consistency and dependability of the instruments and accordingly, all the components of relationship marketing considered under the present study was proven to be reliable, scoring an Alpha value greater than 0.70. The Pearson correlation test conducted between customer loyalty and RM components showed that, there is a significant positive association between them and the researcher also proved that the entire alternative hypothesis was well accepted. The regressions result confirmed that, the linear combination of all the components of relationship marketing considered under the present study was significantly contributed to the variance in the dependent variable customer loyalty. The ANOVA test result also confirmed that, the prediction powers of the RM components are found to be statistically significant.*

*From the Beta coefficient result, the researcher obtained that, trust is found to be the most important variable in predicting the dependent variable customer loyalty, followed by conflict handling, Communication, commitment and competence.*

*Finally, the researcher concluded that in the case of Dashen Bank SC, components of relationship marketing has a significant positive impact on customer loyalty.*

**Key words: Relationship marketing, customer loyalty, Trust, Commitment, communication, conflict handling competence**

# CHAPTER-ONE

## INTRODUCTION

### 1.1. Background of the study

The marketing environment has changed considerably over the past few decades and firms are increasingly attempting to build relationships with their customers to shield off competitors' offerings. Although relationship marketing (RM) had been practised in the 1800s, it was the re-emergence of RM at the beginning of the 1990s that triggered a renewed focus on the part of both marketing practitioners and marketing academics on the potential value of relationships with customers (Sheth&Parvatiyar1995). Modern-day firms realise the value of long-term relationships with customers, and considerable evidence exists that validates the profit impact emanating from strong relationships (Barry *et al.* 2008), as cited by Edwin, T. and Nic, S (2009).

RM is essentially about building relationships at every point of interaction with the customer, with the intention to create various benefits for both the firm and the customer. The re-emergence of RM as an academic field has resulted in extensive research, with the concept being studied under a variety of constructs, such as networks and interaction, long-term interactive relationships and interactive marketing (Gummesson 1997; Möller&Halinen 2000). As the popularity of the RM concept increased, service marketers started to recognise the importance of building more sustainable and long-lasting relationships with their customers (Eisingerich& Bell 2007). Furthermore, Liang *et al.* (2009) found that an investment in customer relationships provides the basis for developing strategies for creating customer value, and that such strategies provide the foundation for sustainable competitive advantage, which in turn leads to solid financial performance. As cited by Edwin, T. and Nic, S (2009).

The financial services industry has undergone significant changes since the 1980s, and the forces of dynamic change are even more aggressively challenging today's financial institutions (Lee 2002). Increased competition in the financial services industry has forced role players within this industry to differentiate themselves from competitors (Farquhar 2004; Heffernan *et al.* 2008; Rajaobelina& Bergeron 2009). As cited by Edwin, T. and Nic, S (2009).

The relevance of RM for financial services can be traced back to the early 1980s, when financial institutions realised that they could increase their earnings through maximising the profitability of the total customer relationship over time (Gilbert & Choi 2003).

Due to the nature of service delivery (in terms of intangibility and complexity) it is important for financial services providers to adequately manage relationships with customers (O'Loughlin *et al.* 2004; Eisingerich & Bell 2007; Shekhar & Gupta 2008; Rajaobelina & Bergeron 2009). From a financial services perspective many customers have an explicit desire for an effective relationship with the service provider (Xuet *et al.* 2006), which has resulted in a need among financial services providers to manage customer relationships (Chiu *et al.* 2005). Soureliet *et al.* (2008) mention that relationship banking is fast and becoming the fundamental success factor in the financial services market. As cited by Edwin, T. and Nic, S (2009).

Over past two and half decades, marketing has witnessed dramatic shift in marketing philosophies. The literature revealed that the marketing has moved from —transaction marketing to relationship marketing (Lindgreen, 2001). At one hand transaction marketing approach is based upon the concept of exchange (Bagozzi, 1974); at another hand relationship marketing is —to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and that this is done by a mutual exchange and fulfilment of promises (Gronroos, 1990). As cited by Kunal G, Kaleem M, (2013).

The concept of relationship marketing goes beyond exchange as it is based on the intention of firms to deliver superior value by emphasizing customers 'perspectives as the focal point of relationship building activities. Relationship marketing theory implies that consumers enter into relational exchanges with firms only when they think that the benefits derived from such relational exchanges exceed the costs (Hunt & Arnett, 2006). By building and maintaining strong and profile relationship with customers, firms also gain valid information source for effective marketing intelligence in order to formulate marketing strategies for their target market. Very often marketers use relationship marketing to make customers loyal in order to ensure that customers will come back to service provider again and again for the similar service requirement; Customer Loyalty is central to the relationship marketing.

Ndubisi (2007) demonstrated that measurement of the —underpinnings of relationship marketing can predict customer loyalty. Therefore firms intended to nurture customer loyalty must pay close attention to various aspect of relationship marketing viz. trust, commitment, communication and conflict handling. As cited by Kunal G, and Kaleem M, (2013)

The main purpose of this research paper is to investigate the impact of relationship marketing on customer loyalty in banking sector in the case of Dashen Bank S.C.

## **1.2. Profile of the company**

Dashen Bank is one of the pioneer private Bank which have been providing financial services in the Ethiopian banking sector for the last 19 years. Despite the humble start with paid up capital of Birr 50 million in 1995, now in the fiscal year 2013/14 it has reached a total capital of nearly Birr 2.6 Billion, total Asset of Birr 22 billion, deposit of Birr 17.7 billion, a total outstanding loan and advance of Birr 9.4 billion and it has registered a gross profit of Birr958 million before tax with its over 1.2 million customers and 150 branches and 5 Forex Bureaus. The fact that the Bank is working with more than 1.2 million customers, the issue of relationship marketing and its impact on customer loyalty is a must to be a focal point. Accordingly different relationship marketing dimensions was used by the researcher in order to see their impact on the customer loyalty status of the Bank.

## **1.3. Statement of the problem**

Over the past few years, financial institutions have been driven to become more customer-centric in an effort to retain current customers and attract new prospects as a response to a tougher regulatory environment and added competition from non-traditional sources, (Frank Aloi–athPower CEO, PRNewswire, 2012). Kuběnka and Ptáčková (2011) add that since the banking system has changed from one to two-tier banking system, the marketing influence became more evident. The previous bank’s approach to the client was strictly passive. With the introduction of two-level banking system, this industry has become increasingly competitive and demand driven with the appearance of new ‘players’ in the market and changing consumer behaviour (Kuběnka&Ptáčková, 2011). And the development of new products and technologies, and well-developed delivery systems, laying stress on market segmentation and target marketing, are supported due to competition in the banking sector (Desta, 2011; Kailash, 2012).



Oliver (1999) has described loyalty as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour. And “fervently desires to re-buy a product or service and will have no other – pursuing this quest against all odds and at all costs”. As cited by Mukhiddin, J., Deleep, K., Jalal,R.(2012).

Customer loyalty in banking has been a major concern to practitioners due to severe competition and higher customer expectations. Customer loyalty is considered a vital link and aspiration to organizational success, profit and business performance (Oliver, 1997; Reichheld, 1993; Sheth and Parvatiyar, 1995). The consumers that show the greatest levels of loyalty toward the product, or service activity, tend to repurchase more often, and spend more money. Thus, loyal customers do not only increase the value of the business, but also enable business to maintain costs lower than those associated with attracting new customers (Barroso and Martin, 1999). Moreover, loyalty rather than satisfaction is becoming the number one strategic goal in today’s competitive business environment (Oliver, 1999). One of the ways to enhance customer loyalty in banking is by focusing on offering excellent services and meeting the needs of customer. As cited by, Mukhiddin, Deleep and Jalal. 2012).

With loyal customers, companies can maximize their profits. Loyal customers are willing to (1) purchase more frequently (price insensitivity), (2) try the firm’s new products or services(repurchase intention), (3) recommend products and services to others (word-of-mouth), and (4)give companies suggestions (complaint behaviour) (Reichheld&Sasser, 1990). As cited by Mei-Lien and Robert (2005).

In this regard, the importance of relationship marketing was found to be paramount. Relationship marketing is about building long-term relationships with a network of influence markets in order to understand and, if possible, anticipate their needs and wants to better satisfy and retain them. It has been argued that this ultimately leads to increased market share and profit (Buttle, 1996; Fornell, 1992; Hiller 1999; Rust, Zahorik, and Keiningham1996). Moreover, the probability of a satisfied customer to repurchase is higher than the one of a dissatisfied one (Reichheld, 1994).

Indeed, relationships, networks, and interactions enable companies to create a more appropriate business climate and to better satisfy the influence markets. As cited by Michael and Adam, (2009).

In today's competitive business environment where customer's expectations are very high, creating and maintaining a long term profitable business relationship are significantly important. Especially in Ethiopian Banking sector where there are around 19 players in the industry; customers are very sensitive in shifting their preference among the financial institutions. So, in order to remain in this volatile business environment, Banks in Ethiopia should have to assure the loyalty of their customer in this regard. One of the key strategies in achieving same was through developing a strong relationship marketing strategy.

The researcher was interested in the Area after taking an observation to the Banks gloomy customer loyalty status. The data obtained from the data base of the Bank reveals that, there is a high customer turnover in selected Area Banks.

The researcher tried to see the most recent data on the number of customers that already closed their account from the Bank. Accordingly, the statistical report of the Bank for the month of Dec 31, 2014 and Jan 31, 2015 showed that, from the total of 150 Area Banks that spread across the length and breadth of the country, the Bank lost around 10,595 customers. Specifically from the sample of Fifteen City Area Banks selected for the study, a total of 3,529.00 customers are already closed their account maintained in Dashen Bank. (Source, Statistical Report of the Bank). The percentage contribution of the fifteen Area banks selected for the study was 33.31 % (  $3529/10595$ ), which is an indication of the fact that, customer turnover rate was very high on those selected Area banks. Even if the percentage of customer turnover seems small as compared to the total number of customers the Bank had, (i.e.  **$10,595/1.2 \text{ Million} * 100 = 0.9\%$** ), customer retention was still remained as a big concern for Dashen Bank.

Considerable evidence existed that validate the profit impact emanated from customer retention. According to Vayra, (1992), 65% of the average companies business comes from its present customers. As cited by, Ndubisi and Wah(2005).

According to Rosenberg and Czepiel,(1983) a 5% increase in customer retention adds 25-150 percent to the bottom line and it costs six times more to attract new customers than to retain the existing one,As cited by, Ndubisi and Wah(2005).According to this authors, if losing one customer costs six times than to retain the existing one, we end up in calculating that, if Dashen Bank loses 10,595 customers within a two month period, it costs the Bank to bring back 63,570(i.e.  $10595*6$ ) new customer to replace the loss, which is practically difficult to attain within the stated period. Beyond this, the negative word of mouth of the customers who leaved the Bank also aggravated the problem.

This is an implication of the fact that, the Bank in a serious problem of assuring the loyalty of its customers, which is attributed to lack of strong relationship marketing strategy.

In general, lack of strong relationship marketing strategy could possibly resulted in loss of loyal customers, which create a fertile ground for loss of deposit and hence profit as well. So, Dashen Bank need to have a good understanding of its customer behaviour so that appropriate marketing strategies directed towards relationship building and customer retention can be developed. Considering the problem at hand, the very purpose of this research paper was to assess the impact of relationship marketing on customer loyalty in banking sector in case of Dashen Bank SC.

## **1.4. Objectives of the study**

### **1.4.1. General Objective**

The general objective of the study is to investigate the impact of relationship marketing on customer loyalty in banking sector particularly in the case of Dashen Bank SC.

### **1.4.2. Specific Objectives**

The specific objectives of the study are to:

- ❖ Investigate the impact of trust dimension of relationship marketing on customer loyalty in the case of Dashen Bank SC.
- ❖ Investigate the impact of commitment dimension of relationship marketing on customer loyalty in the case of Dashen Bank SC.
- ❖ Investigate the impact of communication dimension of relationship marketing on customer loyalty in the case of Dashen Bank SC.
- ❖ Investigate the impact of conflict handling dimension of relationship marketing on customer loyalty in the case of Dashen Bank SC.
- ❖ Investigate the impact of competence dimension of relationship marketing on customer loyalty in the case of Dashen Bank SC.
- ❖ Finally, to determine the influence of relationship marketing in general on customer loyalty in the case of Dashen Bank SC.

## 1.5. Definition of Terms

Conceptual definition of terms were used where, concepts, terms/ variables are defined from different theoretical perspectives. Accordingly some of the variables that are frequently used in this research paper were defined as follows:

1. **Relationship Marketing**-Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges (Mishra & Liy, 2008).
2. **Customer Loyalty**-it is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour. Oliver (1999).
3. **Trust**- willingness to rely on an exchange partner in whom one has confidence Moorman et al. (1993) Orth&reen (2009).
4. **Commitment**-The desire for continuity manifested by the willingness to invest resources into a relationship Gounaris (2005).
5. **Communication**-The formal as well as informal sharing of meaningful and timely information between firms. Anderson & Narus (1990) Vatanasombut et al. (2008).
6. **Conflict Handling**-The handling of the overall level of disagreement in the working partnership Anderson & Narus (1990).
7. **Competence** The buyer's perception of the supplier's technological and commercial competence. (1998)&Sichtmann (2007).

## **1.6. Significance of the study**

It is the hard fact that Ethiopian Banking business are growing tremendously from time to time, which contribute to the emergence of stiff competition in the industry. As the number of financial service provider increases, the more customer get an alternative services and the more it is easy for them to switch from one service provider to another, which still remain as a challenge for players in the industry. In this regard, this research paper will help the Bank in identifying in which areas of relationship marketing dimension it should focus on, so that it is possible to remain in this competitive business environment.

In addition to this, the research paper will:

- ❖ Enable the Bank to create long term profitable business relationship with customers by identifying the weak link of its relationship quality.
- ❖ Contribute to empirically inform decision makers, policy makers, planners and other concerned parties about the problem at hand and suggest means of tackling the problem as well.
- ❖ Contribute to fill the current gaps specified by the problem and to shed light for further studies conducted by researchers and practitioners in the future.

## **1.7. Delimitation/scope/ of the study**

Delimitations are those characteristics that limit the scope and define the boundary of the study. Since it is difficult, costly and time consuming to conduct a census survey on all of the Area Banks, to see the impact of relationship marketing on customer loyalty in the case of Dashen Bank, the researcher delimited the scope of the study to only 15 Area Banks located in the Metropolis of Addis Ababa. There are a lot of relationship marketing dimensions that are identified in marketing literature. Accordingly only five variables are taken in to consideration i.e. Trust, Commitment, Communication, Conflict handling and Competence to see their impact on customer loyalty.

## **1.8. Ethical Considerations**

The present study was conducted based on the permission obtained from Dashen Bank SC. Customers of the Bank was also clearly instructed on top of the questionnaire that, the study is conducted to explore the impact of relationship marketing on customer loyalty in Dashen Bank SC and it is truly used for academic purposes only. For the sake of protecting the privacy of the respondents, instruction was put in place stating that, customers are not required to write their name and address on the questionnaire. Finally, the researcher wants to assure that, all the respondents fill the questionnaire based on their bestowed interest.

## **1.9. Organization of the study**

The study has five independent chapters. The First Chapter deals with introductory concepts which encompassed statement of the problem, hypothesis, and objectives of the study, significance of the study, delimitation/scope of the study and ethical consideration of the study. The Second Chapter is dealt with review of related literature where exhaustive theoretical concepts related to the various dimension of relationship marketing and their impact on customer loyalty was described in a very great detail. The Third Chapter described the methodology employed in order to conduct the study which includes the research design, types of data and data collection instruments, sample size and sampling techniques, procedure of data collection, data analysis techniques and tests of reliability. The last two Chapters, Chapter Four and Five dealt with data analysis and discussion and summary and conclusion and recommendation respectively.

## CHAPTER TWO

### 2.1.REVIEW OF THEORETICAL LITERATURE

Today's banking industry is changing rapidly. With the development of international economy and competitive markets, banks are also affected (Gilaninia& et al, 2011). Among banks at the global level, relationship marketing is taken into consideration as the ideal way to create and maintain long-term relationships with customers; because deliverable services in commercial banks is relatively same and for most banks, to differentiate services towards competition is difficult. So many of the world's banks are oriented the use of relationship marketing approach and implementation of its foundations (So and Spece, 2000).

As cited by, Peyman, Freyedon, and Motreza (2013).

Development of industrial marketing and service marketing led to a new approach that emphasized long term and close relations with customers. Therefore transaction-based marketing that focus only on the selling of the product shifted to interactive marketing that focus on the establishment of sustainable and long term relations with customers (Abbasi and Torkemani, 2010, p.25). Berry (1983) viewed relationship marketing as a strategy to attract, maintain and enhance customer relationships (Berry, 1983). Gummesson (1993) defined the term as a strategy in which the management of interactions, relationships and networks is a fundamental issue. According to Gronroos (1994), the aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met(Gronroos,1994).As cited by Peyman, Freyedon,andMotreza 2013).

Rapp and Collins (1990) suggest, similarly, that its goals are to create and maintain lasting relationships between the firm and its customers that are rewarding for both sides. This is achieved by a mutual symbiosis and fulfilment of promises (Ndubisi 2003). In other words, a key objective is to foster customer loyalty, which Oliver (1999) defined as a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behaviour(Oliver,1999).



Blomqvist et al. (1993) proposed the following key characteristics of relationship marketing: every customer is considered an individual person or unit; activities of the firm are predominantly directed towards existing customers; implementation is based on interactions and dialogues; and the firm is trying to achieve profitability through the decrease of customer turnover and the strengthening of customer relationships(Blomqvist,1993).

### **2.1.1. The basic concept of loyalty**

Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behaviour (Oliver, 1999). Kotler defined the term loyalty as a lasting commitment to family, friends or country and believes that it initially entered to the marketing literature by emphasizing on brand loyalty (Ranjbaryan&Barari, 2009). One of the basic assumptions in relationship marketing is that long-term loyal customers are profitable. Storbacka *et al.* (1994) suggest that customer relationship profitability is achieved through a chain that starts with perceived value that creates customer satisfaction that, in turn, strengthens the relationships so that it lasts longer and thus becomes more profitable (palmer et al,2005) . It is assumed that it is cheaper to keep an existing customer than to acquire a new one (Morgan&Hunt, 1994).As cited by, Mukhiddin, Deleep and Jalal (2012).

Much of the original work on customer loyalty defines loyalty from behavioural terms (repurchase or purchase frequency), and then later admitted an attitudinal component. Ganesh et al. (2000) found two factors in their loyalty items, active loyalty (word – of mouth and intention to use) and passive loyalty (not switching even under less positive conditions). Other authors have considered loyalty as a process rather than an outcome. Oliver (1997a), for example, distinguishes among four stages of loyalty i.e., cognitive, affective, conative, and action loyalty. Clearly, loyalty is a rich concept with many possible definitions. A common approach to distinguish customer loyalty is consumer's attitudinal loyalty and behavioural loyalty (Dick and Basu, 1994; Zeithaml, 2000;Chaudhuri and Holbrook, 2001). As cited by, Mukhiddin, Deleep and Jalal (2012).

Behavioural loyalty is repeated transactions (or percentage of total transactions in the category, or total expenditures in the category) and can sometimes be measured quite simply with observational techniques. Attitudinal loyalty is sometime defined equivalently with relationship commitment (Morgan and Hunt, 1994).As cited by, Mukhiddin, Deleep and Jalal (2012).

Behavioural loyalty is highly prized, because it means sales. Attitudinal loyalty is also highly prized, because as Oliver, (1997a and 1999) argues, behavioural and attitudinal loyalty are highly intertwined, repeated purchases lead to positive affect which leads to cognitive loyalty, high levels of involvement and intention to continue repurchase. We may consider both affective and cognitive loyalty to be kinds of attitudinal loyalty. Strong attitudinal loyalty makes customers more resistant to attempts by other marketers to steal them away (Gundlach et al., 1995) and more resistant to counter – persuasion and search for alternatives (Dick & Basu, 1994). As cited by, Mukhiddin, Deleep and Jalal (2012).

Oliver's (1997) perspective proposes that loyal customers go through four stages. First is a cognitive sense (belief). For example, sales promotion or high quality products of a firm for first-IME purchase consideration attracts a customer. To be loyal, the customer must consistently confirm that his or her expectations about the goods or services are met. Second is the affective sense (favoured attitude) in which consumers are repeatedly satisfied from purchasing decisions. Third is the conative stage that consumers have a behavioural intention – committed deeply to buy. The intention leads to the fourth stage of action. Customers have the desire to overcome obstacles, e.g., attraction of competitors or price increase by a firm, to achieve the actual purchase behaviour (Oliver, 1997). As cited by, Mukhiddin, Deleep and Jalal (2012).

## **2.1.2. Stages of loyalty**

### **2.1.2.1. Cognitive loyalty**

Cognitive loyalty is the information based on whether consumers look for costs, benefits, and quality during their purchasing decision process. Consumer may shift to other stores, which can offer better process and benefits. For this study, cost and benefits are translated into perceived value while quality is based on perceived service quality. *Affective loyalty* – Affective loyalty involves both liking and experience satisfaction.

The issue of satisfaction and dissatisfaction has a direct influence on attitude and attitude change. At this stage, consumer loyalty is determined by information relating to the offering, such as price, quality, and so forth.

It is the weakest type of loyalty, since it is directed at costs and benefits of an offering and not at the brand itself. Therefore, consumers are likely to switch once they perceive alternative offerings as being superior with respect to the cost-benefit ratio (Kalyanaram and Little 1994; Sivakumar and Raj 1997). Cognitive loyalty is influenced largely by the consumer's evaluative response to an experience, in particular to the perceived performance of an offering relative to price (value). As cited by, Mukhiddin, Deleep and Jalal (2012).

#### **2.1.2.2. Conative loyalty**

*Conative loyalty* - It is a loyalty state containing commitment to buy. One of the important dimensions is word of mouth, where the consumer not only would re-visit certain store or bank, but would also encourage relatives, friends and colleagues to patronize certain favoured banks. At conative stage, customers will not only commit to buying but also come to trust the favoured stores. *Action loyalty* - It is the habit and routinized response behaviour. This loyalty category is particularly protected to competitor's marketing activities and would not spend time and effort in engaging information search and evaluation. Conative loyalty implies that attitudinal loyalty must be accompanied a particular brand. It is stronger than affective loyalty, but has vulnerabilities as well.

Repeated delivery failures are a particularly strong factor in diminishing conative loyalty. Consumers are more likely to try alternative offerings if they experience frequent service failures. Even though the consumer is conatively loyal, he has not developed the resolve to avoid considering alternative offerings (Oliver 1999). As cited by Mukhiddin, Deleep and Jalal (2012).

#### **2.1.2.3. Affective Loyalty**

Affective loyalty relates to a favourable attitude towards a specific brand. Attitude itself is a function of cognition (e.g. Expectation). Satisfaction is a global affect evaluation or feeling state which can be predicted from perceived performance as the cognitive component of the evaluation (Oliver 1993; Phillips and Baumgartner 2002; Westbrook and Oliver 1991).

Expectancy confirmation leads to satisfaction, which in turn effectuates affective loyalty (Bitner 1990).

Oliver (1997) defines satisfaction as “the consumer’s fulfilment response, the degree to which the level of fulfilment is pleasant or unpleasant.” Affective loyalty is also subject to deterioration, caused primarily by an increased attractiveness of competitive offerings (Sambandam and Lord 1995) and an enhanced liking for competitive brands. This can be, for instance, conveyed through imagery and association used in competitive communications (Oliver 1999). As cited by, Mukhiddin, Deleep and Jalal (2012).

### **2.1.3. Dimensions of relationship marketing and loyalty**

#### **2.1.3.1. Trust and Loyalty**

Liang and Wang (2006) states in this context that trust is “the perceived level of confidence in transaction partners’ reliability and honesty”. Trust is “the belief that a partner’s word or promise is reliable and a party will fulfil his/her obligations in the relationship” (Schurr and Ozanne, 1985). Trust is an important construct in relational exchange because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships (Hreinian, 1974). To support this notion, trust has been posited as a major determinant of relationship commitment (Morgan and Hunt, 1994). Furthermore, Moorman et al., (1993) found that trust by marketing research users in their research providers significantly affected user commitment to the research relationship. Creating trust in customer mind set importance for companies because from the previous studies Trust along with commitment is an important antecedent of loyalty (Ball et al., 2004). In order to increase the levels of trust, companies must focus on keeping promises to their customers and consistently carry their best interest at heart (Hocutt, 1998). As cited by, Mukhiddin, Deleep and Jalal (2012).

#### **2.1.3.2. Commitment and Loyalty**

Crosby and Taylor (1983) suggest that the tendency to resist changing preference provides the principle evidence of commitment. Beatty et al., (1988) define consumer commitment as the psychological attachment to a service that develops. A customer would be able to determine that their purchase behaviour was derived from a sense of loyalty. A substantial research highlights that commitment is an affective nature (Garbarino & Johnson, 1991;

Morgan & Hunt, 1994; Sheth&Parvatiyar, 2002). As cited by Mukhiddin, Deleep and Jalal (2012).

Affective commitment reflects a customer's sense of belonging and involvement with a service provider akin to emotional bonding (Fullerton, 2005), while calculative commitment is the way that the customer is forced to remain loyal against his or her desire (De Ruyter, Wetzels&Bloemer, 1998). In calculative commitment, customer can be committed to a selling organization because they feel that ending the relationship involves an economic to social sacrifice (Fullerton, 2005). However, although affective and continuance commitments are distinct components of commitment, there are not necessary mutually exclusive conditions (Allen & Meyer, 1990).As cited by Mukhiddin, Deleep and Jalal (2012).

From an attitudinal aspect, affective commitment involves the desire to maintain a relationship that customer perceives to be of value (Morgan & Hunt, 1994). On the other hand, continuance commitment is the consumer's desire to remain in the relationship when the switching costs are high or when to consumer perceives that other viable alternatives are scarce.

Luarn and Lin (2003) establish significant relationship between commitment and loyalty. Various studies in the relationship marketing area have shown that these two factors seem to be crucial in influencing one another (Anderson and Narus, 1990; Anderson and Weitz, 1992; Kumar et al., 1995; Morgan and Hunt, 1994; Pritchard, Havitz and Howard 1999; Fullerton, 2003; Evanschitzky et al., 2006). For example, Pritchard, Havitz and Howard (1999) found commitment to be strongly correlated with customer loyalty. Fullerton (2003) reveals that when customer commitment is based on shared values and identification, it has a uniformly positive impact on customer loyalty. Several other studies confirm a significant interaction of affective commitment and continuance commitment on loyalty (Fullerton, 2003; Evanschitzky et al., 2006). As cited by Mukhiddin, Deleep and Jalal (2012).

### **2.1.3.3.Conflict Handling and Loyalty**

In interpersonal communication, conflict occurs when an individual perceives incompatibility between his or her personal goals, needs, or desires and those of the other party. In dealing with conflict, people use different strategies to accomplish their goals. Dwyer et.al (1987) defined conflict handling as the ability of each supplier to avoid any potential conflict, solve

that particular conflict before they create problems and the ability to discuss the solutions openly when the problem arises.

Conflict handling requires cooperative behaviour from exchange partners. According to Evans & Beltramini (1987), in a negotiation setting, cooperative versus competitive intentions have been found to be linked to satisfactory problem solution. In short, good conflict resolution will result relationship quality positively. Conflict handling is an important relationship builder. Even though it is difficult to service industries especially in banking sector to achieve zero service failure banks put in place effective conflict resolution or problem solving machinery. As cited by Mukhiddin, Deleep and Jalal (2012).

A major problem which had been resolved satisfactorily may leave in its wake a happy and loyal customer, but maybe minor issues if not handled carefully will result in defection. A more excellent approach, for example proactive in planning and implementation includes, identifying potential conflict, solving conflict before they manifest, avoiding potential conflict and blocking them. Those efforts could bring the better relationship and loyalty to particular bank or service firm (Ndubisi, 2007). Ndubisi & Wah (2005) found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived relationship quality.

#### **2.1.3.4. Competence and Loyalty**

Competence is defined as the buyer's perception of the supplier's technological and commercial competence (Anderson and Weitz, 1989). They operationalized competence in four ways: the supplier's knowledge about the market for the buyer, the ability to give good advice on the operating business, the ability to help the buyer plan purchases and the ability to provide effective sales promotion materials.

According to Rakstis (1996), the National Retail Merchants Association, USA, reported that businesses lose approximately 20 percent of their customers each year, most of which arise from issues relating to incompetent service delivery. Of customers who switch financial institutions in the USA, 40 percent do so because of service quality problems (Raddon, 1987). Such organizations are yet to recognize the following: that customer retention has a significant impact on bank profitability (Newman and Crowling, 1996); a 5 percent increase in customer retention adds 25-150 percent in bottom line (Rosenberg and Czepiel, 1983); 65 percent of the average company's business comes from its present customers (Vavra, 1992);

small increases in customer retention rates can lead to dramatic increases in profits (Reichheld, 1996); it costs six times more to attract a new customer than to retain an existing one (Rosenberg and Czepiel, 1983), and the whole idea of CRM which is the ability to effectively identify, acquire, foster, and retain loyal profitable customers (Marketing Week, 2001). As cited by, Ndubisi ON (2007)

### **2.1.3.5. Empathy and Loyalty**

Relationship Marketing Orientation can be viewed as the ability to share, understand and feel another person's feelings in a relational situation. Thus, Sin et al. (2002) described empathy as dealing with a business relationship that enables two parties to see the situation from the other's perspective i.e. seeking to understand somebody else's desires and goals. In the banking sector for instance, the front desk bankers must see themselves in the customer's shoe and serve them as such in order to keep them satisfied. Earlier studies have shown the relevance of empathy as a dimension of Relationship Marketing Orientation as shown in the work of Berry et al (1990) in designing SERVQUAL. As cited by, Mukhiddin, Deleep and Jalal (2012).

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

Empathy has a number of analogous meanings – the golden rule, the ethic of care and an “others” orientation. Empathetic marketers are not insensitive to the needs and concerns of the consumer. Empathy should not be equated with sympathy; marketers can be empathetic while still driving a hard bargain with customers (Murphy et al, 2007). In the personal selling literature, the empathetic abilities of the sales people are a prerequisite for successful selling. In the service marketing literature, the component of empathy is used in developing the SERVQUAL test instrument for service quality. In the networking literature, empathy has been considered as an independent variable in explaining franchisor–franchisee working relationships (Sin et al, 2002). As cited by Mukhiddin, Deleep and Jalal (2012).

### **2.1.3.6.Perceived value and Loyalty**

There is a multifaceted meanings of value which vary according to different functional context –economics (utility and monetary costs), social science (human values) ; industrial settings (processes and costs), and marketing (consumers’ perspective on trade-offs between benefits and sacrifices or costs) (Zeithmal, 1988, Dodds et al., 1991; Roig et al.,2006). Roiget al (2006) approach perceived value from six multidimensional formative construct (GLOVAL scale) and test the study on bank customers. Luarn and Lin (2003) define perceived value from economic perspective which is the customers’ perceived service utility relative to its monetary and non- monetary costs. Prior studies support the general notion that perceived value contributes to customer commitment (Luarn and Lin, 2003; Dodds et al., 1991). For example, Luarn and Lin (2003) have found a significant relationship between perceived value and loyalty as well as perceived value and commitment. As cited by, Mukhiddin, Deleep and Jalal (2012).

### **2.1.3.7.Customer satisfaction and loyalty**

Customer satisfaction is defined as a customer’s overall evaluation of the performance of an offering to date (Johnson and Fornell 1991). Historically, satisfaction has been used to explain loyalty as behavioural intentions (e.g., the likelihood of repurchasing and recommending). The impact of satisfaction on loyalty has been the most popular subject of studies. Several studies have revealed that there exists a direct connection between satisfaction and loyalty: satisfied customers become loyal and dissatisfied customers move to another vendor. (Heskett et al. 1993: 165–167).As cited by Mukhiddin, Deleep and Jalal (2012).

Customer satisfaction, meanwhile, is defined as an overall positive or negative feeling about the net value of services received from a supplier (Woodruff, 1997). Woodruff (1997) argues that perceived value represents customer cognition of the nature of relational exchanges with their suppliers, and satisfaction reflects customers’ overall feeling derived from the perceived value. On the basis of the behavioural model (Fishbein&Ajzen, 1975), affect is significantly influenced by cognition. There is also empirical evidence that customer-perceived value has a positive effect on customer satisfaction with a supplier (E.W. Anderson & Mittal, 2000; Walter, Thilo, &Helfert, 2002).



#### **2.1.3.8. Customer Value and loyalty**

Customer value is “the fundamental basis for all marketing activity” (Holbrook, 1994, p. 22). And high value is one primary motivation for customer patronage. In this regard, Sirdeshmukh, Singh, and Sabol (2002) argue that customer value is a super ordinate goal and customer loyalty is a subordinate goal, as it is a behavioural intention. According to goal and action identity theories, a super ordinate goal is likely to regulate subordinate goals. Thus, customer value regulates “behavioural intentions of loyalty toward the service provider as long as such relational exchanges provide superior value” (Sirdeshmukh et al., 2002, p. 21). As cited by, Mukhiddin, Deleep and Jalal (2012).

#### **2.1.4. Relationships in financial services**

Relationships in financial services various authors emphasized the rapidly changing competitive environment involving the financial services and the banking industry throughout the world. Owing to such changes, during the 1990s many commercial banks placed an increasing emphasis on establishing and maintaining relationships with their customers (Ennew et al. 1990; Perrien et al. 1992, 1993; Crane and Eccles 1993; Trethowan and Scullion 1997). Previously, Turnbull and Gibbs (1987) highlighted the importance of relationships in corporate banking and Eccles and Crane (1988) contended that relationship management was a common and important integrating device in investment banking. More recently, Horne et al. (2000) studied triadic relationships in financial services markets and Tyler and Stanley (2002) argued that relationships are relevant, indeed inherent, to the over-the-counter derivatives market.

Dibb and Meadows (2004) discussed the shift towards relationship marketing principles and the implementation of CRM in the retail financial services sector; and Reinartz et al. (2004) argued that the implementation of CRM processes has a moderately positive association with both perceptual and objective company performance. Perrien et al. (1992) made a critical analysis of relationships in banking and gave us some insights into customers’ and account managers’ perceptions of problems facing the relationships. According to them, the relationships are affected by the turnover of account managers, their limited authority and the banks’ credit norms, organization and structure. Madill et al. (2002) presented consistent data from more than 3,000 interviews made in Canadian SMEs that show how SME satisfaction is affected by the account manager’s management of the bank/SME relationship, the branch staff’s management and the bank’s policies regarding bank/SME relationship. These insights

concern the management of the relationship (mostly, by the bank), and consider the relationship itself as a new marketing mix variable or a new strategic issue for banks. This managerial view of relationships by the banks has been highlighted in the literature; for a review of literature on marketing of financial services to businesses, see Tyler and Stanley (1999). The role and the positive (or negative) effects of personal contacts on relationship development were dealt with in different business contexts (Cunningham and Turnbull 1982; Halinen and Toornroos 1998).

Adler (1984), who described financial markets as “social arenas” where individuals interact, Abolafia (1996), and Tyler and Stanley (2001) looked at social issues in the financial services markets. We contend that significant insights into the nature and workings of the financial services’ relationships can be gained by using the IMP Group’s approach to study business relationships. Both Thunman (1992) and later Proença and de Castro (2004 and 2005) took the IMP Group’s approach to study relationships in banking. Thunman (1992) argued that banking decisions should not be regarded as discrete issues, where a firm evaluates the attractiveness of suppliers’ marketing mix variables, but rather as sequences of events occurring in the context of a growing commitment between identified clients and banks as in other industries (Thunman 1992, pp 15–16). Proença and de Castro (2004) argued that the customer-bank relationship is sustained by the atmosphere of the relationship itself and by different bonding dimensions that were seen to be of different types and strength.

Further, Proença and de Castro (2000) applied the business network framework to banking relationships and claimed that these relationships include a variety of financial services supplied by financial corporations associated to the banks that should be considered in the context of each banking relationship taken as a whole.

Proença and de Castro (2004) also suggested that despite long-lasting relationships in banking not being a recent phenomenon, most theoretical frameworks have understood the behaviour of banking actors as if they were discrete episodes or one-off transactions, somehow isolated in time.

When such episodes are analysed in isolation (both in time and from one another, i.e. outside the relationship context where they took place), some aspects derived from economic theory like transaction cost and opportunism tend to be stressed, at the expense of other aspects, which also appear to be important determinants of actors’ behaviour.

The literature appears to have neglected the continuity of banking relationships in time and emphasized instead short-term episodes, like transactions. Theorists also emphasized, “transaction banking”, despite relationships having been there for long. This paper discusses the relationship dimensions in financial services business, analysing the interactive processes and the actors’ behaviours in banking services relationships. As all cited by, Joao F, Luis M (2006)

## **2.2. Empirical review of the literature**

In order to substantiate the result of the present study, the researcher also tried to include the following empirical studies:

- ❖ According to study conducted by Muhammad Z, Kashif S, Saleem P (2010) the result shows that the customer trust has significant association with customer loyalty.
- ❖ Similarly the study conducted by S.Sivesan and S.Achchuthan (2012) showed that trust dimension of RM is highly correlated with customer loyalty.
- ❖ The study conducted by ShiferawBekele (2011), on the impact of relationship marketing on customer loyalty in the case Abyssinia Bank, he also found that trust dimension has a significant positive relationship with the dependent variable customer loyalty.(unpublished source from Addis Ababa University).
- ❖ The study conducted by S.Sivesan and S.Achchuthan (2012) showed that, commitment dimension of RM is highly correlated with customer loyalty.
- ❖ Mukhiddin J, DeleepKumar.M, Jalal R (2012), also found the same result that, commitment is positively related with the dependent variable customer loyalty.
- ❖ Peyman J, FreyedonA, Motreza F (2013), according to their study on the impact of relationship marketing on customer loyalty found that, communication as a predictor variable was significantly correlated with customer loyalty.
- ❖ Similarly the study conducted by, Laith A and Nahla A (2010), showed that the two variables (i.e. Customer loyalty and communication), are positively correlated at the significant level.
- ❖ The study conducted by S.Sivesan and S.Achchuthan (2012) showed that conflict handling dimension of RM is highly correlated with customer loyalty.

- ❖ Mukhiddin J, DeleepKumar.M, Jalal R (2012), also found the same result that, Conflict handling is positively related with customer loyalty at a significant level.
- ❖ Similarly Peyman J, FreyedonA,Motreza F (2013), according to their study on the impact of relationship marketing on customer loyalty found that, conflict handling as a predictor variable was significantly correlated with customer loyalty.
- ❖ Peyman J, FreyedonA,Motreza F (2013), according to their study on the impact of relationship marketing on customer loyalty found that, competence as a predictor variable was significantly correlated with customer loyalty.
- ❖ Similarly, the study conducted by, Krishnakumary.M and Santhosh. P, (2015), competence dimension of relationship marketing was positively correlated with the response variable, customer loyalty at a significant level.

### **2.3. Conceptual frame work of the study**

In the present study according to model of Ndubisi&Wah (2005) variables of trust, commitment, communication, conflict handling and competence as fundamental variables of relationship marketing have been studied. As cited by, (Peyman, Freyedon,andMotreza 2013).

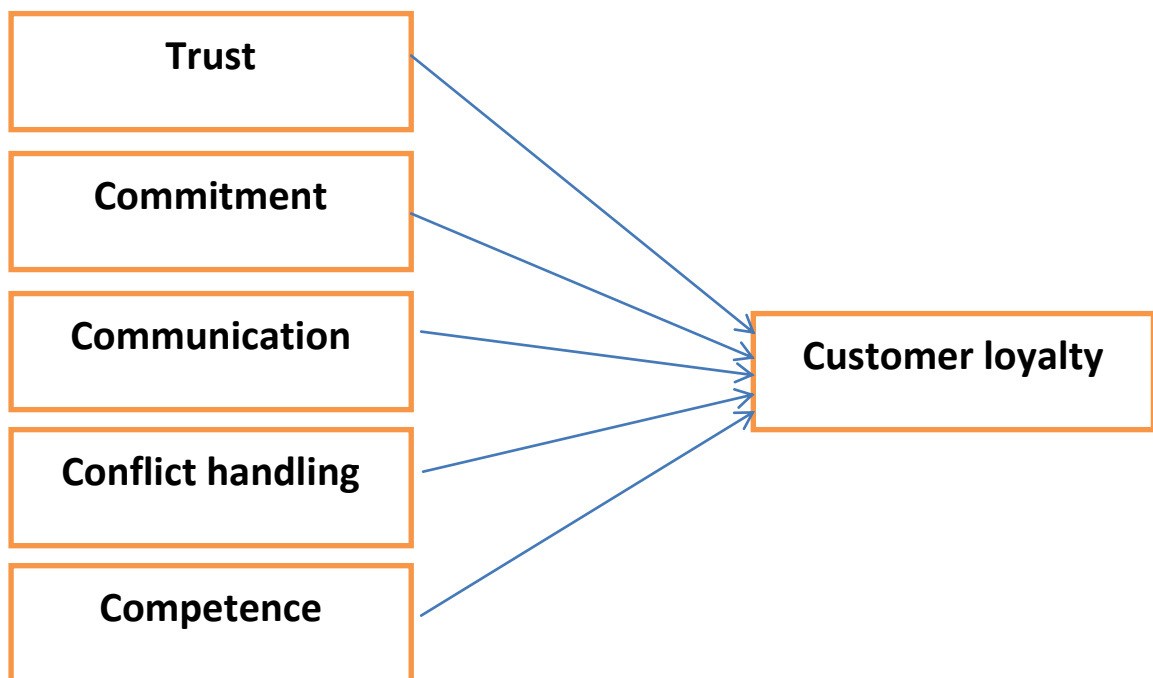


Figure -1- A conceptual model of the study adopted from Ndubisi and Wah (2005).

- ❖ **Trust-** indicates that each person of relationship, to what extent can be considered other person promise and is defined as the willingness to trust and reliance to audience (Wong & Shoal, 2002, 34-50). In this study trust variable is measured by factors such as bank security in transactions, bank service quality, reliability promises of bank, staff behaviour towards clients and the bank commitment to our customers. As cited by, Peyman, Freyedon, and Motreza (2013).
- ❖ **Commitment-** is intention to continue or maintain a relationship with the other party (Rashid, 2003). In this study commitment is measured to be compatible and consistent of bank services with customer needs and bank flexibility towards the customer and change services. As cited by, (Peyman, Freyedon, and Motreza 2013).
- ❖ **Communication-** is all formal and informal exchanges that make meaningful and timely information exchange between buyer and seller (Ranjbarian & Barari, 2009). In this study Communication is measured with factors such as timely and reliable information, providing information on new services and promises and accuracy in information. As cited by, Peyman, Freyedon, and Motreza (2013).
- ❖ **Conflict handling-** Conflict handling is defined as cooperative supplier in minimizing negative results from significant potential involvement (Ndobisi & Wah, 2005). In this study conflict handling is measured with factors such as to avoid conflict, trying to solve problems before they occur, the ability to solve problems in time of problem. As cited by Peyman, Freyedon, and Motreza (2013).
- ❖ **Competence-** Competence has been defined by perceptions of each of the party relationship amount of skills, abilities and knowledge needed the opposite party to effectively function (Smith and Barclay, 1996). In this study competence is measured with factors such as necessary knowledge about bank service, market trends, consulting and planning about the investment to customer's and effective advertising. As cited by, Peyman, Freyedon, and Motreza (2013).

## **2.4. Hypothesis of the study**

Based on the problem identified so far under the statement of the problem and the theoretical and empirical review of literature, the research paper was intended to prove the following basic alternative research hypothesis.

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

**H2:** There is a significant positive relationship between commitment and customer loyalty.

**H3:** There is a significant positive relationship between communication and customer loyalty.

**H4:** There is a significant positive relationship between conflict handling and customer loyalty.

**H5:** There is a significant positive relationship between competence and customer loyalty.

**H6:** Relationship marketing has a high influence on customer loyalty

## CHAPTER THREE

### 3. METHODOLOGY

#### 3.1. Research Design

A **research design** is a master plan that specifies the methods and procedures for collecting and analysing the needed information. A research design provides a framework or plan of action for the research.(Zikmund, Babin, Carr and Griffin, BRM, Eight Edition PP-66).

The researcher was used both qualitative and quantitative research design, where much emphasis was given for the quantitative research design (usually expressed as QUAN-QUAL). Creswell (1994) define quantitative research as a type of research that is `explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics).'The researcher was focus heavily on quantitative research because, it is useful to quantify opinions, attitudes and behaviours and find out how the whole population feels about a certain issue, particularly for this study it is to know the attitude of customers towards the various dimensions of relationship marketing and its impact on loyalty. Quantitative research approach was also being suitable for testing hypothesis.

Among the various types of quantitative design, the researcher was conducting an explanatory study, where emphasis is given on studying a situation or a problem in order to explain the relationship between variables. Explanatory research was used because, it enable the researcher to critically examine the relationship between the independent variables of relationship marketing such as trust, communication, commitment, conflict handling and competence and the dependent variable customer loyalty.

Qualitative information was also being used to investigate the opinion of head promotion division and head customer relation division of Dashen Bank through conducting an interview.

### 3.2. Sampling techniques and Sampling Size

Currently Dashen Bank SC has around 150 Area Banks that spreads across the length and breadth of the country. Out of 150 Area Banks, 78 of them are found in the Metropolis of Addis Ababa and the remaining 72 are found outside Addis Ababa. Since it is difficult, costly and time consuming to conduct a census survey at this time for the researcher, representative sample was drawn to conduct the study.

Accordingly, the researcher was focus only on 15 selected Area Bank from the Metropolis of Addis Ababa. In order to select 15 representative samples from the total of 78 Area Banks located in Addis Ababa, the researcher used judgemental (purposive) sampling technique, as it enables the researcher to select those Area Banks based on their high level customer turn-over records.

The population of the study was customers of Dashen Bank from the selected 15 Area Banks and head promotion division and head customer relation division of the Bank. Customers are selected based on convenient random sampling technique, because of the fact that the technique is simple, unbiased, and it provide customers with an equal chance of being selected.

In order to determine the sample size, the study adopted a statistical formula developed by Daniel (1999).As cited by L.Naing, T.Winn ,B.N.Rusli(2006). The researcher was set its confidence level at 95% with 5% error term. Accordingly, using a Z-score value of 1.96 at this confidence level the following sample was drawn:

$$n = \frac{Z^2 P(1 - P)}{d^2}$$

Where: n= sample size

Z= z-statistic for the level of confidence

P= expected prevalence or proportion (in proportion of one if 20% p=0.2)

d= precision (in proportion of one if 5% d=0.05)

$$n = \frac{1.96^2 * 0.2(1-0.2)}{0.05^2}$$
$$n = 245.86 \cong 246$$



For the sake of assuming non-response rate, the researcher over sample the size and increased it to 250, by adding 1.63% ( $250-246/246*100$ ) of the respondents to the sample size.

In order to make proportional distribution of questionnaires for our 250 sample drawn, the researcher considered the total number of customer turnover from the selected 15 Area Banks. In this regard, the statistical report for the month of Dec, 2014 and Jan, 2015 showed that 3529 customers are already broke their relationship with the Bank. The following table shows the proportional distribution of questionnaires to each Area banks based on their percentage contribution to customer turnover:

**Table -3.1 the proportional distribution of questionnaire**

S/N	Name of Area Banks	Total number of account closed within two month	Percentage proportion (number account closed from each Area Banks/total closed)	No of questionnaire distributed for each Area Bank (250*percentage)
1	Dashen Main Area Bank	436	12.35%	31
2	Dahen Bole Area Bank	381	10.79%	27
3	Dashen Africa Andinet Area Bank	316	8.95%	22
4	DashenGoffa Area Bank	278	7.88%	20
5	DashenTana Area Bank	273	7.74%	19
6	DashenTikurAnbesa	266	7.54%	19
7	DashenKera Area Bank	261	7.39%	18
8	DashenMegenagna Area Bank	258	7.31%	18
9	DashenGulelle Area Bank	214	6.06%	15
10	DashenMessalemia Area Bank	204	5.78%	15
11	Dashen Airport	202	5.72%	15
12	DashenLideta Area Bank	170	4.82%	12
13	DashenPiassa Area Bank	105	2.97%	8
14	DashenKality	87	2.47%	6
15	DashenBisrate Gabriel Area Bank	78	2.23%	5
	TOTAL	3529	100%	250

**Source- Statistical Report of Dashen Bank SC and own analysis**

### **3.3. Source and Tools/Instruments of Data Collection**

The researcher used both primary and secondary sources of data in order to conduct the study. Accordingly primary data was collected from customers of Dashen Bank through questionnaires developed to solicit their opinion regarding the various dimensions of relationship marketing and to see their impact on the customer loyalty and by using semi-structured interview with head promotion division and head customer relation division of the Bank. The researcher was also used secondary sources of data like, Books, Web sites, journal articles, company manuals and data bases and etc., which supported the development of the study.

A five point Structured likert scale questionnaire adopted from Ndubisi and Wah (2005) which provided customers with a greatest range of option starting from strongly disagree to strongly agree was used as a primary data collection instrument in the present study.

### **3.4. Procedure of Data Collection**

As it is stated under the above paragraph, the researcher used two types of data collection instrument's i.e. structured questionnaire to collect data from customers of Dashen Bank and semi-structured interview to collect data from the marketing officials of Dashen Bank. Accordingly in order to facilitate the data collection procedure the researcher followed the following serious of steps:

#### **1<sup>st</sup> step- identifies issues and/ or opportunities for collecting data.**

The first step is to identify issues and / or opportunities for collecting data and to decide on what next step to take. To do this, it may be helpful to conduct an internal and external assessment to understand what is happening inside and outside the organization. For the researcher particular case the problem of customer loyalty is first identified by looking into the customer data base of the Bank.

#### **2<sup>nd</sup> step- selects the issue and or the opportunity and set goal.**

Once the problem is identified under step 1, then in step two the researcher selected the issue of relationship marketing and its impact on customer loyalty in the case of Dashen Bank SC as a priority.

### **3<sup>rd</sup> step- plan an approach and method**

Under this step, the researcher makes decision about who is surveyed, how data was collected, the source of the data that was used and the duration of data collection among other things.

### **4<sup>th</sup> step- collects data**

This is a step where the researcher was officially commenced the collection of data both from Customers and marketing officials of the Bank.

### **5<sup>th</sup> step Analyse and Interpret Data**

This is stage a where the researcher analysed and interpreted the data collected from both respondents.

### **6<sup>th</sup> step Act on result**

Once the researcher has analysed and interpreted the result of data collected, it decided to act on the data.

## **3.5. Method of Data Analysis**

In order to analyse the data collected from customers of the Bank, the researcher was used inferential statistics, where SPSS (Statistical Package for the Social Science) version 20 was used for analysis purpose. The researcher was use correlation analysis and multiple regressions to predict the relationship between five components of relationship marketing and customer loyalty.

### 3.6. Validity and Reliability Test

#### 3.6.1. Validity

Before the questionnaire was distributed to the respondents, the validity of the instruments was checked by the advisor as to whether it measures what it purported to measure. Accordingly, based on the approval obtained from the advisor, the questionnaire was used considering that, they are valid.

#### 3.6.2. Reliability

Prior to the actual data collection reliability test was conducted on selected customers to check whether the data collection instrument was consistent and dependable in measuring what it intends to measure. Accordingly 50 questionnaires was distributed and collected to measure the reliability of the instruments and the following result was obtained using Cronbach's Alpha on SPSS.

**Table 3.2: Cronbach's Alphas of RM Constructs**

Construct	Items	Cronbach's a	Internal consistency
Questionnaire	35	0.88	Good
Trust	6	0.79	Acceptable
Commitment	5	0.73	Acceptable
Communication	5	0.75	Acceptable
Conflict handling	6	0.78	Acceptable
Competence	7	0.72	Acceptable
Loyalty	6	0.75	Acceptable

*Source: Own Survey*

Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer the alpha coefficient is to 1.0, the greater the internal consistency and the reverse is true. In this case, the researcher used the rule of thumb developed by George and Mallery (2003), where an alpha value  $\geq 0.90$  is excellent,  $\geq 0.80$  is good,  $\geq 0.70$  is acceptable,  $\geq 0.60$  is questionable,  $\geq 0.50$  is poor,  $< 0.50$  is unacceptable.

Hence, since the value of Cronbach's alpha of all the constructs was above the acceptable range, we can conclude that the data collection instruments was consistent and dependable.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4. Introduction

This particular study concentrates on the ‘Impact of relationship marketing on customer loyalty’ in the banking sector in the case of Dashen Bank SC. Hence, the study followed both quantitative and qualitative research design as its plan of action. A total of 250 questionnaires were distributed to the selected 15 Area Banks, according to their percentage contribution to customer turnover. Accordingly, the entire distributed questionnaire was collected and the researcher managed to get 100% response rate, which increased the quality as well as the generalizability of the study.

Pertinent to the methodology, descriptive statistic for analysing the demographic data and correlation as well as multiple regressions for analysing the basic constructs of relationship marketing dimensions such as, *Trust, Commitment, Communication, Conflict Handling, and Competence* against the dependent variable of *customer loyalty* was used.

The data collected from customer of Dashen Bank, was first loaded into SPSS version 20, so that the required output of frequency distribution for demographic data, correlation and multiple regression for the basic questions of relationship marketing components and the dependent variable customer loyalty was obtained.

In analysing, correlation and multiple regressions, between the response variable and the predictor variables, the average of the response obtained from the customers was taken into consideration. Data collected using a five point Likert scale was measured at an ordinal level and it is usually non parametric in nature. Due to this, average was calculated in order to convert the data into continuous and hence took the nature of parametric test where it is possible to conduct Pearson correlation and linear multiple regression. ([www.statisticsconsultalt.com](http://www.statisticsconsultalt.com)).

## 4.1. Results of the study

### 4.1.1. Descriptive Analysis

Descriptive statistic was used to analyse the demographic characteristics of the respondents and hence the result of the analysis is described in detail hereunder:

**Table -4.1 Gender, Age and Educational status of the respondents**

<b>Gender of the respondents</b>		<b>frequency</b>	<b>Percent</b>
<b>Valid</b>	<b>Male</b>	<b>111</b>	<b>44.4</b>
	<b>Female</b>	<b>139</b>	<b>55.6</b>
	<b>Total</b>	<b>250</b>	<b>100.0</b>
<b>Age of the respondents</b>			
<b>Valid</b>	<b>Below 20 years</b>	<b>2</b>	<b>.8</b>
	<b>20-39 years</b>	<b>210</b>	<b>84.0</b>
	<b>40-59 years</b>	<b>36</b>	<b>14.4</b>
	<b>60 years and above</b>	<b>2</b>	<b>.8</b>
	<b>Total</b>	<b>250</b>	<b>100.0</b>
	<b>Below 20 years</b>	<b>2</b>	<b>.8</b>
	<b>20-39 years</b>	<b>210</b>	<b>84.0</b>
<b>Educational status of the respondents</b>			
<b>Valid</b>	<b>Primary</b>	<b>7</b>	<b>2.8</b>
	<b>Secondary</b>	<b>17</b>	<b>6.8</b>
	<b>Diploma</b>	<b>60</b>	<b>24.0</b>
	<b>Degree</b>	<b>154</b>	<b>61.6</b>
	<b>post graduate</b>	<b>10</b>	<b>4.0</b>
	<b>Others</b>	<b>2</b>	<b>.8</b>
	<b>Total</b>	<b>250</b>	<b>100.0</b>

*Source –own survey*

#### **4.1.1.1. Gender of the respondents**

From 250 sample drawn from the total population, 44.4% (111) of them are female respondent who are randomly appeared on the counter and the remaining 55.6 % ( 139) are represented by male respondents who took the biggest share of the total population considered under the study.

#### **4.1.1.2. Age of the respondents**

The SPSS output result on the age of the respondents showed that, the largest proportion of the respondents fall on the age bracket between 20-39 years, whose accounts for 84.0%(210), followed by respondents who's age are between the range of 40-59,covering the second largest proportion of 14.4% (36). The remaining age category, meaning respondents with the age below 20 years and above 60 years are accounted for the same percentage of 8 %( 2) respectively. From this result we figured out that most of the respondents are from the productive age.

#### **4.1.1.3. Educational status of the respondents**

The data extracted from SPSS showed that, the upper hand of the respondents possessed first degree in their educational qualification which accounted for 61.6% (154) from the total respondents considered for the study. The second largest percentage was taken by those respondents whose qualification was diploma, covering around 24 % (60), followed by respondents whose only completed secondary education accounted for 6.8 % (17). The outstanding percentage is attributed to post graduate respondents 4% (10), primary school completed respondents 2.8% (7) and others 0.8% (2) respectively. The fact that the majority of the respondents are educated means, the more they understand the question brought forward by the researcher and the more the response obtained was reliable.

**Table 4.2 Occupational status, monthly income and service year of the respondents**

<b>Occupation of the respondents</b>		<b>frequency</b>	<b>Percent</b>	<b>Valid percentage</b>	<b>Cumulative percentage</b>
<b>Valid</b>	<b>government sector</b>	<b>19</b>	<b>7.6</b>	<b>7.7</b>	<b>7.7</b>
	<b>private sector</b>	<b>119</b>	<b>47.6</b>	<b>48.4</b>	<b>56.1</b>
	<b>own business</b>	<b>96</b>	<b>38.4</b>	<b>39.0</b>	<b>95.1</b>
	<b>Student</b>	<b>6</b>	<b>2.4</b>	<b>2.4</b>	<b>97.6</b>
	<b>Others</b>	<b>6</b>	<b>2.4</b>	<b>2.4</b>	<b>100.0</b>
	<b>Total</b>	<b>246</b>	<b>98.4</b>	<b>100.0</b>	
<b>Missing</b>	<b>0</b>	<b>4</b>	<b>1.6</b>		
<b>Total</b>	<b>250</b>	<b>100.0</b>			
<b>Income of the respondents</b>					
<b>Valid</b>	<b>below 1000 Birr</b>	<b>10</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>
	<b>from 1000-2999 Birr</b>	<b>62</b>	<b>24.8</b>	<b>25.4</b>	<b>29.5</b>
	<b>from 3000-4999 Birr</b>	<b>70</b>	<b>28.0</b>	<b>28.7</b>	<b>58.2</b>
	<b>Birr 5000 and above</b>	<b>102</b>	<b>40.8</b>	<b>41.8</b>	<b>100.0</b>
	<b>Total</b>	<b>244</b>	<b>97.6</b>	<b>100.0</b>	
<b>Missing</b>	<b>888</b>	<b>6</b>	<b>2.4</b>		
<b>Total</b>	<b>250</b>	<b>100.0</b>			
<b>Year of services with the Bank</b>					
<b>Valid</b>	<b>Below 1 year</b>	<b>7</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>
	<b>1-3 years</b>	<b>74</b>	<b>29.6</b>	<b>29.6</b>	<b>32.4</b>
	<b>3-5 years</b>	<b>64</b>	<b>25.6</b>	<b>25.6</b>	<b>58.0</b>
	<b>5-7 years</b>	<b>46</b>	<b>18.4</b>	<b>18.4</b>	<b>76.4</b>
	<b>above 7 years</b>	<b>59</b>	<b>23.6</b>	<b>23.6</b>	<b>100.0</b>
	<b>Total</b>	<b>250</b>	<b>100.0</b>	<b>100.0</b>	

*Source –own survey*



#### **4.1.1.4. Occupational status of the respondents**

As the researcher described earlier under the introductory part of the demographic analysis '0' represented a missing value and in this particular case 1.6 %( 4) of the total respondents were failed to give answer for this question. Hence, for the sake of perfection those missing values are eliminated and the researcher relied on the valid percentage.

Accordingly, 48.4 % (119) the respondents are from the private sector, who's taken the lion share tailed by a group of respondents running their own business, accounted for 39%(96). The remaining proportion of 7.7 %( 19), 2.4 %( 6) and again 2.4 %( 6) are from government sector, students and other occupations respectively.

#### **4.1.1.5. Monthly income of the respondents**

As it is clearly depicted on the above table, the largest percentage of respondents monthly income fall in the category of Birr 5000 and above, comprised of 40.8 %( 102), followed by those respondents within the range of Birr 3000-4999 accounted for 28%(70) of the total respondents. The remaining 29.5 %( 72) of the respondents are between the range of Birr 1000-2999 and below Birr 1000 respectively. Finally as the researcher denoted value '888' for questions with nature of skipping pattern and hence 2.4 %( 6) of the respondents jumped this question because they don't have a monthly income i.e. they might be a student.

#### **4.1.1.6. Respondents year of experience in the Bank**

Based on the data obtained from the respondents, the majority of them are using Dashen Bank services form the category of 1-3 years, which accounted for 29.6 %( 74). The second which is 25.6 %( 64) and the third 23.6 %( 59) ranked proportion were goes to the group of respondents which fall between the category of 3-5 and above 7 years respectively. The remaining percentage proportion is from the category of 5-7 years which covers 18.4 %( 46) of the total respondents. When we see the grand total, respondents who were remained as a customer of the Bank for more than 3 years are significant and hence the researcher believed that their exposure helped to give genuine answer for the questions related to loyalty and relationship marketing.

#### 4.1.2. Correlation analysis and Hypothesis Testing

Pearson correlation test was conducted to check the magnitude of correlation between the dependent variable, *Customer loyalty* and the various independent variables of relationship marketing such as, *Trust, Commitment, Communication, Conflict Handling* and *Competence*. The researcher also used the same test to prove or disprove the alternative hypothesis. The following measure of association developed by MacEachron (1982) was used as a reference to check the magnitude of correlation.

**Table-4.3 the measures of associations and descriptive adjectives**

Measure of Association	Descriptive Adjective
> 0.00 to 0.20 ; < -0.00 to -0.20	Very weak or very low
> 0.20 to 0.40; < -0.20 to -0.40	Weak or low
> 0.40 to 0.60; < -0.40 to -0.60	Moderate
> 0.60 to 0.80; < -0.60 to -0.80	Strong or high
> 0.80 to 1.0; < -0.80 to -1.0	Very high or very strong

Source: This table is from MacEachron, (1982) *Basic Statistics in the Human Services: an Applied Approach*, page 132.

**Table –4.4 Correlation Matrix between Customer loyalty and Relationship Marketing constructs**

	Customer loyalty	Trust	commitment	Communication	Conflict handling	Competence
Customer loyalty	1					
Trust	<b>.666**</b>	1				
Commitment	<b>.470**</b>	.421**	1			
Communication	<b>.573**</b>	.549**	.399**	1		
Conflict handling	<b>.626**</b>	.618**	.368**	.531**	1	
Competence	<b>.457**</b>	.463**	.308**	.434**	.404**	1
Relationship Marketing	<b>.750**</b>	.827**	.675**	.790**	.664**	.780**

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

**Source: own survey**

From the above correlation matrix, the researcher found the following results under each constructs, supported with their related empirical evidences:

#### **4.1.2.1. Correlation analysis between the customer loyalty and Trust**

The result of Pearson correlation test between the dependent variable *Customer loyalty* and the independent variable *Trust* showed that, there is a positive relationship between the two variables at the significance level of **(R=0.666\*\*)**, **(P<0.01)**. According to MacEachron (1982) measure of association, the magnitudes of relationship between the two variables are strong. Compared to other relationship dimensions considered in this study, Trust is ranked first in its magnitude of correlation.

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

Based on the result obtained from Pearson correlation, there is a positive association between the dependent variable *Customer loyalty* and independent variable *Trust*. Hence, we accept the first alternative hypothesis **H1**.

#### **Empirical evidence**

- ✓ According to study conducted by Muhammad Z, Kashif S, Saleem P ( 2010) The result shows that the customer trust has significant association with customer loyalty **(R=0.567)**, **(P<0.01)**.
- ✓ Similarly the study conducted by S.Sivesan and S.Achchuthan (2012) showed that trust dimension of RM is highly correlated with customer loyalty at a significant level of **(R=0.511)**, **(P<0.01)**.
- ✓ The study conducted by ShiferawBekele (2011), on the impact of relationship marketing on customer loyalty in the case Abyssinia Bank, he also found that trust dimension has a significant positive relationship with the dependent variable customer loyalty at a level of **(R=0.624)**, **(P<0.01)**.

In general, the result of this study was also in line the empirical evidences of the aforementioned scholars.

#### 4.1.2.2. Correlation analysis between the customer loyalty and Commitment

Pearson correlation test was conducted to know the degree of association between the dependent variable *customer loyalty* and the independent variable *commitment*. Hence, the result of the study showed that, both variables are positively correlated to one another at a significant level of (**R=0.470\*\***), (**P<0.01**). Based on MacEachron, (1982), measure of association, the magnitudes of relationship between the two variables are moderate.

**H2: There is a significant positive relationship between commitment and customer loyalty.**

The result of the study showed that, customer loyalty and the independent variable commitment has a positive association and hence we accept the second alternative hypothesis **H2**.

#### Empirical evidence

In order to substantiate the result of this study, the researcher tried to see the previously conducted journals. Hence, the following result was obtained:

- ✓ The study conducted by S.Sivesan and S.Achchuthan (2012) showed that, commitment dimension of RM is highly correlated with customer loyalty at (**0.569\*\***), (**p<0.01**).
- ✓ Mukhiddin J, DeleepKumar.M, Jalal R (2012), also found the same result that, commitment is positively related with customer loyalty at a significant level of (**R=0.650**), (**P<0.01**).

Hence, the researcher concluded that, the result of the present correlation was consistent with the results of previous studies conducted by the aforementioned scholars.

#### 4.1.2.3. Correlation analysis between the customer loyalty and Communication

The result of Pearson correlation test between the dependent variable *customer loyalty* and the independent variable *communication* showed that, there is a statistically significant positive relationship between the two variable at the level of (**R=0.573\*\***), (**P<0.01**). MacEachron, (1982) classified this magnitude of relationship as a moderate one.

### **H3: There is significant positive relationship between communication and customer loyalty.**

The researcher beforehand hypothesized that, there a significant positive relationship between the predicted variable customer loyalty and the predictor communication. Hence the result of the study confirmed same and we accept the third hypothesis, **H3**.

#### **Empirical evidence**

- ✓ Peyman J, FreyedonA, Motreza F (2013), according to their study on the impact of relationship marketing on customer loyalty found that, communication as a predictor variable was significantly correlated with customer loyalty at the level of ( $R=0.750$ ), ( $P<0.01$ ).
- ✓ Similarly the study conducted by, Laith A and Nahla A (2010), showed that the two variables (i.e. Customer loyalty and communication), are positively correlated at the significant level of ( $R=0.515$ ), ( $p<0.01$ ).

Hence, the result of this study also supported the findings of the above researchers.

#### **4.1.2.4. Correlation analysis between the customer loyalty and Conflict Handling**

The Pearson correlation result of the study, between the predicted variable of *customer loyalty* and the predictor variable of **conflict handling** showed that, there is significant positive relationship between the two variable at a statistical level of ( $R=0.626^{**}$ ), ( $P<0.01$ ). From the relationship marketing constructs observed so far, conflict handling is the second highly correlated variable with customer loyalty next to Trust dimension in this study.

From the MacEachron, (1982), tables of correlation magnitude we can infer that, the degree of association between these two variables (i.e. customer loyalty and conflict handling) was strong.

#### **H4: There is significant positive relationship between conflict handling and customer loyalty.**

Based on the positive association result obtained from the Pearson correlation test so far, between the two variables, (i.e. Customer loyalty and conflict handling) the fourth hypothesis was proven to be valid and hence, **H4** is accepted.

#### **Empirical evidence**

- ✓ The study conducted by S.Sivesan and S.Achchuthan (2012) showed that conflict handling dimension of RM is highly correlated with customer loyalty at (**R=0.511**), (**P<0.01**).
- ✓ Mukhiddin J, DeleepKumar.M, Jalal R (2012), also found the same result that, Conflict handling is positively related with customer loyalty at a significant level of (**R=0.661**), (**P<0.01**).
- ✓ Similarly Peyman J, FreyedonA, Motreza F (2013), according to their study on the impact of relationship marketing on customer loyalty found that, conflict handling as a predictor variable was significantly correlated with customer loyalty at the level of (**R=0.660**), (**P<0.01**).

In line the empirical evidence stated above, we concluded that the result of positive association between the construct dimensions of relationship marketing conflict handling and the dependent variable customer loyalty was also proved in this particular study.

#### **4.1.2.5. Correlation analysis between the customer loyalty and Competence**

As usual, Pearson correlation test was conducted to check the degree of association between the dependent variable *customer loyalty* and the independent variable *competence*, which the fifth construct dimension of relationship marketing considered under this study.

Accordingly, the test result of the study showed that, there is a significant positive relationship between the two variables at a level of (**R=0.457\*\***), (**P<0.01**). Based on MacEachron, (1982) correlation table, the magnitude of relationship between the two variables was moderate.

Compared to the rest of the relationship marketing construct considered under this study, competence is proved to be the last in terms of its degree of correlativity with the dependent variable customer loyalty.

**H5: There is a significant positive relationship between competence and customer loyalty**

Armed with correlation result obtained, between the predicted variable of customer loyalty and the predictor variable of competence, we proved that there is positive relationship between them and hence we accepted the fifth hypothesis, **H5**.

**Empirical evidences**

- ✓ Peyman J, FreyedonA, Motreza F (2013), according to their study on the impact of relationship marketing on customer loyalty found that, competence as a predictor variable was significantly correlated with customer loyalty at the level of (**R=0.730**), (**P<0.01**).
- ✓ Similarly, the study conducted by, Krishnakumary.M and Santhosh. P, (2015), competence dimension of relationship marketing was positively correlated with the response variable, customer loyalty at a significant level of (**R=0.764**), (**P<0.01**).

The result of this particular study was also, in line with the above empirical evidences.

**4.1.2.6. Correlation analysis between the customer loyalty and RM**

Under this test, the average sum of all the relationship marketing constructs discussed so far was to taken into consideration, in order to know the degree of association between all components of *relationship marketing* and *customer loyalty*. Hence, the result of Pearson correlation test showed that, both variables are correlated at a degree of (**R=0.750\*\***), (**P<0.01**). At this level we could say that, the correlations between the two variables are strong, according to MacEachron (1982).

**H6: Relationship marketing has a high influence on customer loyalty.**

Based on the Pearson correlation test result we obtained in the above table, we concluded that, relationship marketing has a high influence on the dependent variable customer loyalty. Hence we accepted the main hypothesis.

### ***Concluding remark on the correlation and hypothesis tested.***

The researcher considered five constructs of relationship marketing, i.e. ***Trust, Commitment, Communication, Conflict handling and Competence***, to see their degree of correlation with the dependent variable ***customer loyalty***. Accordingly, all the components of relationship marketing are positively associated with customer loyalty using Pearson correlation test and as a result of this, all hypothesis were also accepted.

### **4.1.3. Multiple Regressions**

Depending on the number of variables, one can run either simple linear regression with one dependent or one independent variable or otherwise, run multiple regression to see the linear relationship between one dependent and two or more independent variables. This particular study put in place, linear multiple regressions to study, the impact of relationship marketing components (i.e. Trust, Commitment, Communication, Conflict Handling and competence) on the dependent variable customer loyalty. Hence, to be able to develop the regression line formula, the dependent and the independent variables are denoted as, (**X1=Trust, X2=Commitment, X3=Communication, X4=Conflict handling and X5=Competence**) and the dependent variable, **Y=customer loyalty**.

Before running a multiple regression on the SPSS, the researcher conducted a test of basic assumptions that are required to be fulfilled while conducting multiple regression, which otherwise be impossible to do. The tests for the five assumptions of multiple regressions are presented hereunder:

#### **4.1.3.1. Assumption 1- Normality of the distribution**

This assumption formally applies to the distribution of the errors (or, equivalently, the conditional distribution of the response variable) for any given combination of values on the predictor variables, Matt N, Carlos A, and Deson K (2013). One way of measuring the normality of distribution is through checking the level of skewness and kurtosis. Usually the value of skewness and kurtosis for normal distribution is varied from 1 to -1.



**Table 4.5 normality of the data**

<b>Descriptive Statistics</b>					
	<b>N</b>	<b>Skewness</b>		<b>Kurtosis</b>	
	<b>Statistic</b>	<b>Statistic</b>	<b>Std. Error</b>	<b>Statistic</b>	<b>Std. Error</b>
<b>Customer Loyalty</b>	<b>250</b>	<b>-.353</b>	<b>.154</b>	<b>-.619</b>	<b>.307</b>
<b>Trust</b>	<b>250</b>	<b>-.027</b>	<b>.154</b>	<b>-.913</b>	<b>.307</b>
<b>Commitment</b>	<b>250</b>	<b>.027</b>	<b>.154</b>	<b>-.324</b>	<b>.307</b>
<b>Communication</b>	<b>250</b>	<b>-.532</b>	<b>.154</b>	<b>-.497</b>	<b>.307</b>
<b>Conflict Handling</b>	<b>250</b>	<b>-.528</b>	<b>.154</b>	<b>.241</b>	<b>.307</b>
<b>Competence</b>	<b>250</b>	<b>-.215</b>	<b>.154</b>	<b>-.230</b>	<b>.307</b>
<b>Valid N (list wise)</b>	<b>250</b>				

*Source- own survey*

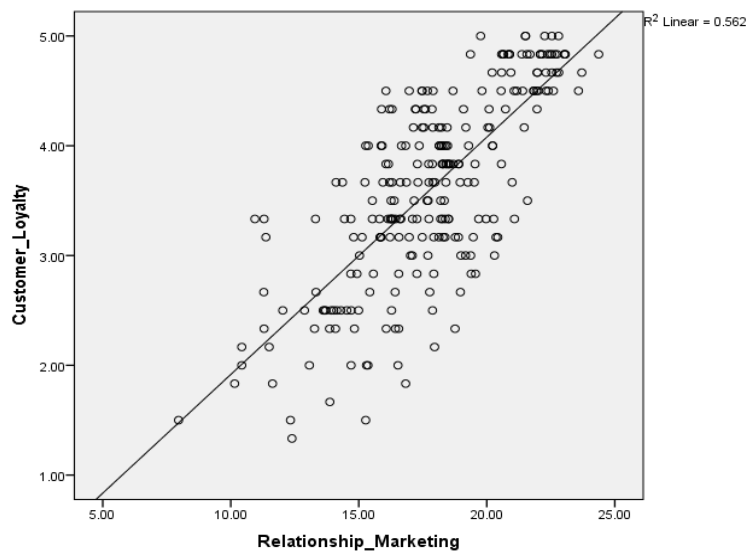
As it is showed in table 4.5, the result of skewness and kurtosis of the five construct dimensions of relationship marketing, against the predicted variable of customer loyalty was within the acceptable range of  $\pm 1$  and hence, we concluded that the data are normally distributed.

#### **4.1.3.2. Assumption 2- Linear relationship**

The model that relates the response  $Y$  to the predictors  $X_1, X_2, X_3... X_n$ , is assumed to be linear in the regression parameters (Chatterjee&Hadi, 2012). This means that the response variable is assumed to be a linear function of the parameters  $(\beta_1, \beta_2, \beta_3 \dots \beta_n)$  but not necessarily a linear function of the predictor variables  $X_1, X_2, X_3... X_n$ , as cited by, Matt N, Carlos A, and Deson K (2013).

The result of this study also showed that, there is a linear relationship between the independent variables of relationship marketing components and the response variable customer loyalty. This means that, for every increase in the independent variable of Trust, Commitment, Communication, Conflict handling and competence, the dependent variable customer loyalty will increase.

**Graph -4.1 linear relationships between relationship marketing components and customer loyalty**

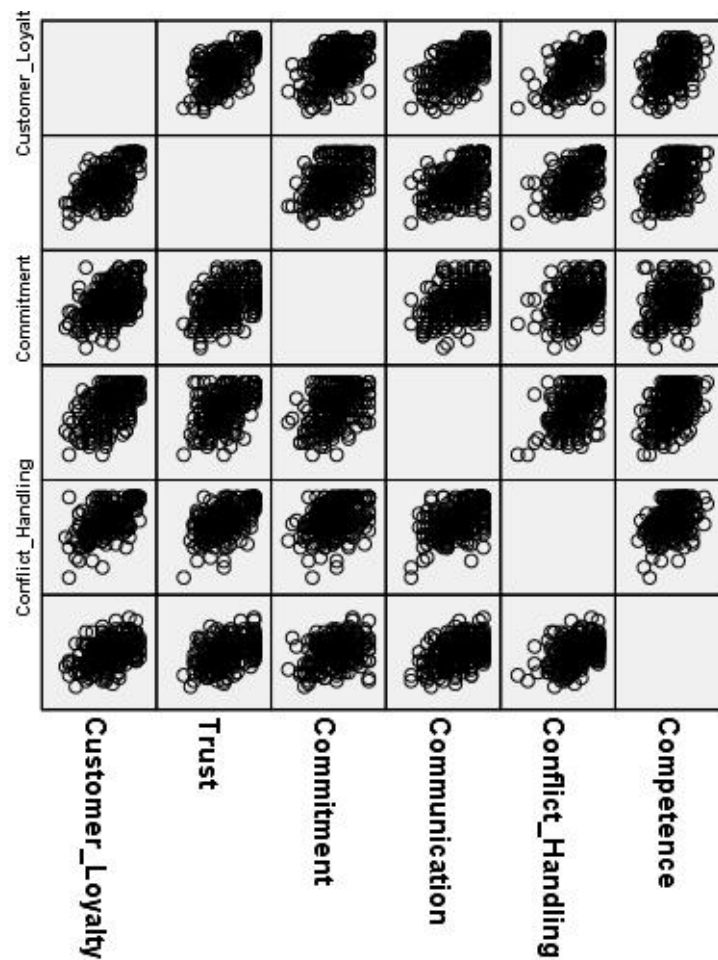


#### **4.1.3.3. Assumption 3- Homoscedasticity (equal variance)**

The model errors are generally assumed to have an unknown but finite variance that is constant across all levels of the predictor variables. This assumption is also known as the homogeneity of variance assumption. (Weisberg, 2005), as cited by, Matt N, Carlos A, and Deson K (2013).

It means simply that, the variance of Y for each value of X is constant in the population. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regressions standardized predicted value. The following scatter plot was obtained from the average results of the dependent variable customer loyalty and the independent variables of relationship marketing constructs to see weather homoscedasticity is really a pressing problem of this particular study.

**Graph-4.2 homoscedasticity between variables**



When we visually look in to the right corner of the first row in the scatter plot diagram, we see that the variance between the dependent variable customer loyalty and the independent variables of Trust, Commitment, Communication, Conflict handling and Competence is very minimal and hence we concluded that the assumption of homoscedasticity was proved in this particular study.

**4.1.3.4. Assumption 4- Independent of residuals**

The errors are assumed to be independent (Chatterjee&Hadi, 2012; Fox, 1997; Weisberg, 2005). Breach of this assumption leads to, biased estimate of standard errors and significance, even if the estimate of the regression coefficient remain unbiased but yet inefficient. (Chatterjee&Hadi, 2012), as cited by, Matt N, Carlos A, and Deson K (2013).

The Durbin-Watson statistic is used to test for independent of residuals. This particular test was obtained from the model summary part of the regression output. The table below showed the Durbin-Watson test of this study.

**Table –4.6 Durbin-Watson test result**

<b>Model Summary<sup>b</sup></b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	<b>Durbin-Watson</b>
1	.758 <sup>a</sup>	.575	.566	.57450	<b>1.866</b>

- a. Predictors: (Constant), Competence, Commitment, Conflict Handling, Communication, Trust
- b. Dependent Variable: Customer Loyalty

*Source- Own Survey*

The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50. Babatunde O.S, Oguntunde P.E, Ogunmola A. O and Balogun O.S, (2014).

In this case, Durbin-Watson is 1.866, close to 2 and within the acceptable range and hence, we assumed independence of residuals assumption.

**4.1.3.5. Assumption 5- Multicollinearity**

The last of the assumptions of the classical linear regression model is that the independent variables,  $X_i$ , are linearly independent of each other. If this assumption is not satisfied and the independent variables are thus multicollinear, the result is that the individual regression Coefficients for each variable are not identifiable. Because multicollinearity makes the regression coefficients quite unidentifiable, it is important, if the aim is to estimate the regression equation, to reduce it as much as possible. Michael A and Patrick N, (1970) PP, 11.

Pair-wise correlation among the independent variables and the value of tolerance and variance inflation factor, (VIF) is considered to check multicollinearity. Accordingly, the following result was obtained from this study.

**Table –4.7**Pair-wise correlation among the independent variables(X1, X2, X3, X4, and X5).

	Customer loyalty	Trust	commitment	Communication	Conflict handling	competence
Customer loyalty						
Trust	.666					
Commitment	.470	<b>.421</b>				
Communication	.573	<b>.549</b>	<b>.399</b>			
Conflict handling	.626	<b>.618</b>	<b>.368</b>	<b>.531</b>		
Competence	.457	<b>.463</b>	<b>.308</b>	<b>.434</b>	<b>.404</b>	

**Source-Own Survey**

According to (Hair et al., 2006) the pair-wise correlation among the independent variable should not exceed **0.80**. As it is portrayed in the above table, the bold values showed the pair-wise correlation result and hence none of them exceeded the tolerable range of 0.80 to the maximum. Armed with this, we can say that multicollinearity was not a problem in this particular study.

#### 4.1.3.6. Regression Analysis Results

Once all the multiple regression assumption was met, the researcher decided on the data and further processed it. Under this part, the researcher was mainly focused on the three most important elements of regression output, i.e. the Model summary, the ANOVA test and the Beta coefficient. The average response obtained from the customer of Dashen Bank under the dependent variable, *customer loyalty* and each of the predictor variables, *Trust, Commitment, Communication, Conflict handling and Competence* was used.

**Table –4.8 model summary of the regression result  
Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.758 <sup>a</sup>	.575	.566	.57450	1.866

a. Predictors: (Constant), Competence, Commitment, Conflict\_Handling, Communication, Trust

b. Dependent Variable: Customer Loyalty

Source: Own Survey

The regression model considered customer loyalty as dependent variable and the relationship marketing score for the individual dimensions as the independent variables. A multiple regression analysis is conducted to evaluate how well the five dimensions predict customer loyalty. As it is depicted under the model summary table, the linear combination of the five dimensions is significantly related to customer loyalty ( $R^2 = 0.575$ ,  $F = 65.913$  and  $P < 0.001$ ). This means that, 57.5 percent of the positive variance of customer loyalty in the sample can be accounted for by the linear combination of the five construct dimensions of relationship marketing (i.e. *Trust, Commitment, Communication, Conflict handling and Competence.*) in Dashen Bank SC.

**Table –4.9 ANOVA on components of RM**

ANOVA <sup>a</sup>					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	108.774	5	21.755	65.913	.000 <sup>b</sup>
Residual	80.532	244	.330		
Total	189.306	249			

**a. Dependent Variable: Customer\_Loyalty**

**b. Predictors: (Constant), Competence, Commitment, Conflict\_Handling, Communication, Trust**

*source: own survey*

ANOVA (Analysis of variance), Used to compare whether the mean of one dependent variable differ significantly across the categories of another independent variables. ANOVA provides, the result of test of significance for **R** and **R<sup>2</sup>** using an F-statistic. According to Cohen, J (2010), if the result of the test is significant, with P-value below 0.05, then we reject the null hypothesis that **R<sup>2</sup>** is equal to zero and accept the research hypothesis that **R<sup>2</sup>** is significantly different from zero and there is a relationship between the independent and dependent variable in the population.

As it is depicted on the ANOVA table above, the **P-value** of the dependent variable customer loyalty and the independent variables of relationship marketing constructs of trust, commitment, communication, conflict handling and competence is well below **.05(P<0.001)**.

Therefore, we concluded that the **R** and **R<sup>2</sup>** between the dependent variable customer loyalty and the independent variables of relationship marketing constructs are statistically significant (different from zero), based on the opinion collected from customer of Dashen Bank.

**Table 4.10– Beta coefficient of regression result**

Model	Coefficients <sup>a</sup>			T	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	-.174	.227		-.764	.446
Trust	.31	.057	.314	5.354	.000
Commitment	.16	.050	.151	3.168	.002
Communication	.17	.054	.168	3.103	.002
Conflict_Handling	.28	.063	.250	4.466	.000
Competence	.12	.067	.091	1.865	.063

**a. Dependent Variable: Customer\_Loyalty**

*Source-own survey*

Under the Beta Coefficient table, the researcher was highly emphasized on the values of the *standardized Beta coefficient* in order to figure out the relative importance of each independent variable, in predicting the dependent variable and on the *unstandardized Beta coefficient* in order to formulate the linear regression equation.

#### **A. Standardized Beta Coefficient**

Standardized beta coefficient is sometimes called relative importance weight. More specifically, RIWs are the proportionate contribution from each predictor to  $R^2$ , (i.e. in our case to the  $R^2=0.575$ ), after correcting for the effects of the inter-correlations among predictors (Lorenzo-Seva et al., 2010). This method is recommended when the researcher is examining the relative contribution each predictor variable to the dependent variable Johnson, (2000, and 2004).

From table 4.10 we can infer that, *Trust* is found to be the most important dimension of relationship marketing construct in Dashen Bank in determining the variation in customer loyalty which accounted for 31.4% of the beta coefficient. The second most important element of relationship marketing that contributed most, to the positive variation in the dependent variable customer loyalty is *Conflict handling*, accounted for 25% of the beta coefficient, followed by, *Communication* and *commitment*, which had a beta coefficient share of 16.8% and 15.1% respectively.



In the case of Dashen Bank, *Competence* dimension of relationship marketing contributed least to the variance in the response variable among the others, accounted for only 9.1% and it is statistically insignificant at p-value greater than Alpha,  $(0.063 > 0.05)$ .

**Note that:** This doesn't mean that competence dimension has no contribution; rather its contribution was insignificant.

### **B. Unstandardized Beta Coefficient**

This is sometimes called, the Beta Weights. According to Pedhazur, (1997), a  $\beta$  weight coefficient informs us, as to how much change in the criterion variable (i.e. *customer loyalty* in our case) we might expect with a one-unit change in the predictor variables, (i.e. *Trust, Commitment, Communication, Conflict handling and Competence* in our case) holding all other predictor variables constant.

The linear multiple regression formula for on dependent variable, customer loyalty and more than one independent variable of relationship marketing constructs ,Trust, Commitment, Communication, Conflict handling and Competence, took the form of:

$$Y' = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Where,  $Y'$  = the dependent variable customer loyalty

$a$  = y axis intercept (the constant beta value)

$b_1, b_2, b_3, b_4, b_5$  = beta weight for each independent variables

$X_1, X_2, X_3, X_4, X_5$  = representing, trust, commitment, communication, conflict handling and competence respectively.

$e$  = the error term (0.05 in our case)

Taking in to consideration the unstandardized beta value in the table above, the regression equation of this particular study to the nearest decimal was written as:

$$Y' = -0.174 + 0.31X_1 + 0.16X_2 + 0.17X_3 + 0.28X_4 + 0.12X_5 + 0.05$$

The negative value for the constant intercept should not be a cause for concern here. This simply means that, the expected value of the dependent variable *customer loyalty* was less than zero when all independent variables are set to zero.

#### *Findings from the equation*

- ✓ For every unit increase in the value of *Trust* in Dashen Bank, setting all other predictor variable to zero, the value of response variable *customer loyalty* will increase by 31%.
- ✓ For every unit increase in the value of *Commitment* in Dashen Bank, setting all other predictor variable to zero, the value of response variable *customer loyalty* will increase by 16%.
- ✓ For every unit increase in the value of *Communication* in Dashen Bank, setting all other predictor variable to zero, the value of response variable *customer loyalty* will increase by 17%.
- ✓ For every unit increase in the value of *Conflict handling* in Dashen Bank, setting all other predictor variable to zero, the value of response variable *customer loyalty* will increase by 28%.
- ✓ For every unit increase in the value of *Competence* in Dashen Bank, setting all other predictor variable to zero, the value of response variable *customer loyalty* will increase by 12%.

## 4.2. Discussion

The discussion part is important to give a clearer understanding on the subject under study. The present research was conducted in order to see, the impact of relationship marketing on customer loyalty in Dashen Bank. The study included five relationship marketing dimensions such as Trust, Commitment, Communication, Conflict handling and competence, to see their effect on customer loyalty.

Increased customer loyalty is frequently argued to be the single most important driver of organizations' long-term financial performance. Eisingerich& Bell (2007) find empirical support that customer loyalty emerges as the dominant, significant, direct determinant of repurchase intention. Globalization of banking service market and the appearance of new leading parties are both the result of technological developments and the loosening of administrative and monetary interventions, and have led to stronger competition and the risk of reducing market shares for each banking institution. Therefore, in this competitive and globalize banking era, the customers of each bank constitute one of the most important assets that a banking institution should preserve and continuously expand. As customers are of significant importance, it is essential for the banks to satisfy their needs and wants (Mylonakis, 2009).

Relationship marketing is one of the most important tools in securing a high level of customer loyalty in today's dynamic and vibrant business environment, especially for service providing companies like Dashen Bank.

Relationship Marketing is an emerging concept that facilitates the business organisations to view their customer requirements in a more personalized way. It is a marketing approach that acknowledges the importance of both the buyer and the seller in the marketing process. It integrates customer service and quality with a market orientation. Relationship marketing usually involves providing more personalized service and providing service quality that exceeds customer expectations at each step. Higher quality relationship helps to create customer loyalty and a competitive edge and then increase market share, which in turn leads to higher profitability. It is proved that there exist a positive impact of customer loyalty and retention on companies' profitability.

The present study showed that, relationship marketing has a significant positive relationship with customer loyalty at a significance level of  $R^2=0.575$  ( $F=65.913$ ,  $P<0.001$ ). Thus the finding is in line with the hypothesis number six; (**H6**) stated in the paper that the relationship marketing had a high influence on customer loyalty. Thus the major hypothesis stated is well accepted.

This result is consistent with some previous studies in different setting. According to the study conducted by S.Sivesa, and S.Achchuthan (2012), RM contribute significantly to customer loyalty and the result showed an  $R^2=0.30$  ( $F=12.229$ ,  $P<0.001$ ).

Peyman J, Freyedon A and Motreza F (2013), on their study on the effect of relationship marketing (RM) on customer loyalty in the case of Mehr Bank in Iraq, they also found that the same components of relationship marketing used in the present study showed an  $R^2=0.931$  ( $F=2432.113$ ,  $P<0.001$ ) which is statistically significant in explaining the variation in the dependent variable customer loyalty.

Other authors like, Mukhiddin J, DeleepKumar.M, Jalal R (2012), Mohammad Y, Abdolrazagh M, and Inda S (2012), Somayeh O, Hasan Z, Gholamreza J and Abolfazi S (2014), Ndubisi ON (2007), found that relationship marketing has a significant positive impact on customer loyalty.

In the present study, the correlation between the dependent variable customer loyalty and each of the independent variables, together with their relative importance was identified.

Trust is the first relationship marketing construct that was considered under this particular study.

Trust has been mentioned in a number of studies as one of the important underpinnings of relationship marketing. Moorman et al. (1993) defined trust as “. . . a willingness to rely on an exchange partner in whom one has confidence. A betrayal of this trust (by the supplier or service provider) can lead to customer dissatisfaction and defection, as it was cited by Ndubisi ON (2007).

Morgon and Hunt also believe that establishing the trust in a relation requires a level of confidence to the truth of the promises of a partner by every other partner. They also have viewed the reason of emphasizing the trust as a variable of relationship marketing, its necessity in establishing relationship contracts (Morgon and Hunt, 1994; pp.20-38), as it was cited by, Somayeh O, Hasan Z, Gholamreza J and Abolfazi S (2014).

Six questions were adopted from, Ndubisi&Wah (2005), in order to evaluate how well the trust dimension of relationship marketing can explain the variance in the response variable customer loyalty and the level association between them. The results of the present study also showed that, trust is the most important relationship marketing dimension that contributed significantly towards maintaining customer loyalty in Dashen Bank, (**RIW=31.4%**). The same dimension was also positively correlated with the dependent variable customer loyalty at a statistically significant level of (**R=0.666**), (**P<0.01**).

Even if the result of the regression analysis showed that, trust is one of the major contributor factors to the positive variance in customer loyalty, few of the customers of Dashen Bank was not agreed on two of the questions brought forward regarding the trust dimension. From the frequency distribution table attached at the end of this paper we can see that, meaningful number of customers rated below disagree on the fact that, the Dashen Bank is consistent in providing quality services and employees of the Bank show respect to customers at a cumulative percentage of 29.7% and 33.7% respectively. According to the researcher, the dissatisfaction of customers on the above two facts, limited the contribution of trust variable to the positive variance on customer loyalty than what it deserved now, (i.e. RIW=31.4%).

### **Trust dimension within the eyes of the division heads**

According to the division heads, currently there are more than 1.3 million customers who rested their bestowed interest in the Bank, which ranked Dashen Bank the first among private Banks in Ethiopia in terms of number of customers. According to them, this is an indication of the fact that, the Bank has worked hard towards developing trust in the minds of the customers through keeping their promise, very much concerned with the security of their transaction and fulfilling its obligation. The very important question under the trust dimension brought forward by the researcher was, is really Dashen Bank is providing consistent and quality services to customers. Regarding this issue they don't want to deny that, there is problem related to providing consistent and quality services and they tried to

mention some of the problems like, lack of attractive physical evidences, lack of respect to customers by some of the employees, lack of innovative ideas to bring new products and services and etc. as main causes for quality problem which further might erode the trust developed in the mind of the customer, unless it is corrected soon. The opinion of the customers was also consistent with the opinion of the division heads regards quality issues.

Commitment is another important dimension of relationship marketing that was considered under the present study.

Relationship commitment is also an important component of relational exchanges. It is defined as, an enduring desire to maintain a valued relationship” (Moorman, Zaltman, and Deshpandé, 1992). Research suggests that relationship commitment is at the core of all successful working relationships and that it is an essential ingredient in successful long-term relationships, including supplier–buyer relationships (Anderson and Narus, 1998).

In the relationship marketing literature the concept of commitment plays a central role, as it is a major characteristic of relationship marketing models (Scanzoni, 1979). Commitment refers to an implicit or explicit pledge of the continuity of a relationship between exchange partners (Dwyer et al. 1987). As Scanzoni (1979) stated commitment is the most advanced phase of partners’ interdependence” as all cited by Laith A and NahlaA (2010).

The present study composed of five questions under commitment dimension, which were adopted from Ndubisi&Wah (2005). As it was described earlier, commitment is positively correlated with the response variable customer loyalty (i.e. **R=0.470**) and contributed to the variance in the dependent variable at a rate of (i.e. **RIW=15.1%**). The result ranked commitment fourth as compared to the remaining relationship dimensions considered under the study. From the frequency distribution table attached at the end of this paper, we can see that, customers of Dashen Bank rated commitment below disagree on the opinion related to, the Bank offers personalized services to meet customer’s needs, the Bank is flexible when its services are changed, and the Bank is flexible in serving my needs, at a cumulative percentage of 49%, 44.2%, 44.5% respectively. Therefore, the researcher concluded that, the negative response obtained from the customers of Dashen Bank under the above questions, significantly affected the contribution of commitment dimension towards explaining the variation in the response variable.

### **Commitment dimension within the eyes of the division heads**

The head promotion division explained commitment by quoting ‘without involvement there is no commitment’

Both division heads was agreed on the fact that, Dashen Bank was not providing personalized services to its customers and its service provision was strictly followed the rules and regulations of the governing bank and hence, the issue of flexibility was very much limited in this regard. Hence, the opinion of the division heads was consistent the opinion of customers.

Communication is the Third dimension of relationship marketing that was considered under the present study.

Communication is the ability to provide timely and trustworthy information. Today there is a new view of communication as an interactive dialogue between the company and its customers that takes place during the pre-selling, selling, consuming and post-consuming stages (Anderson and Narus, 1990). Communications in relationship marketing means providing information that can be trusted; providing information when delivery problem occurs; providing information on quality problems and fulfilling promises. It is the communicator’s task to build awareness, build consumer preference by promoting quality, value, performance and other features, and encourage interested buyers to make a purchase decision. Communication also tells a dissatisfied customer what the organisation is doing to rectify the source of dissatisfaction, as cited by Ndubisi&Wah (2005).

The researcher included five questions adopted from Ndubisi&Wah (2005), in order to evaluate the relative importance and the correlation level of communication dimensions in securing customer loyalty in Dashen Bank sc.

The Pearson correlation test conducted so far, showed that there is a significant positive association between the predictor variable communication and the response variable customer loyalty at, (**R=0.573**), (**P<0.01**). The Beta coefficient of communication dimension was also counted at, (**RIW=16.8%**), which ranked this variable, Third as compared to the remaining variables. Here, the researcher was concerned on figuring out, which questions included to measure this particular variable was rated below the expected compared to the others, as it helps the Bank to put a policy direction for correcting same.

Accordingly, the cumulative percentage of the customer opinion who rated below the level of disagree, on the question related to the fact that, the Bank provides information when there is new banking services was 32.9%. This is an indication of the fact that, Dashen Bank was not going far on promoting its products and services to the level it was expected by the customer whenever there is new banking services. Therefore, the researcher concluded that, the negative opinion obtained from the customers of Dashen Bank related to the above question, impeded the communication variable from not to contribute more to the positive variance in the dependent variable customer loyalty.

### **Communication dimension within the eyes of the division heads**

The two division heads explained communication dimension of relationship marketing as an important tool in having an active customers who are well informed about what is going on in the Bank. In doing so, multiple channels was employed to keep the customers informed which includes, preparing annual statement (which is cross checked by external auditors for accuracy), releasing advertisement on Radio, TV, newspapers and company web-sites, brochures, participated on exhibition in order to showcase the products and services of the Bank, conducting personal selling or face-to-face communication with customers to sell the products and services of the Bank and etc.

According to them, the problem with creating effective communication in Dashen Bank came to alive on the frequency of conducting all the above channel of communication. This means that, even if their importance is paramount, the Bank rarely advertise it products and services via the mentioned channels. Despite this problem, the Banks always tries to provide timely, trustworthy, and accurate information to its customers. Hence, the opinions of the customers are consistent with the opinion of the interviewees.

Conflict handling was the Fourth relationship marketing construct, considered under the present study.

In a financial service organization, conflict handling is an important aspect in managing relationships. By welcoming complaints, organization will get a chance to understand the problem of the customer and it creates a chance to satisfy him. If a customer is unhappy but doesn't complain, then the organisation risks losing that customer (MozadZineldin, 2006). For success, it is necessary for an organization to have a formal complaint management system, proactive efforts to avoid conflicts and there should be sincere efforts to openly



discuss and solve problems if it arises. As cited by, Krishnakumary.M. And Santhosh.P (2015).

Six questions were adopted from Ndubisi&Wah (2005), in order to measure the relative importance and the correlation level of conflict handling dimension on the dependent variable customer loyalty. Based on the response obtained from the customers of Dashen Bank, conflict handling was found to be the second most important predictor of customer loyalty next to trust dimension.(RIW=25%).

The Pearson correlation test conducted so far was also showed that, there is a significant positive association between the predictor variable conflict handling and the response variable customer loyalty at ( $R=0.626$ ), ( $P<0.01$ ).

Among the six questions provided to the customers, the researcher was highly interested on the question which was rated highly below the level of disagree, so that the Bank should direct its attention and strive to correct same. Accordingly, a significant number of customer of Dashen Bank was not agreed on the fact that, the Bank has the ability to openly discuss solutions when problem arise, which accounted for a cumulative percentage of 22.4% which affects the relative importance weight of this variable.

### **Conflict handling dimension within the eyes of the division heads**

In any transaction, where there are two or more parties involved in the operations of a given business, conflict of interest is a must to happen. According the interviewee, what matters most is how to effectively deal with the conflict before it affects the relationship between the parties involved.

Regarding the captioned case, Dashen Bank is good in terms of handling conflicts both before and after their occurrences, in terms of frequently asking for customer's opinions and in terms of accepting criticism and complaints. The problem of the Bank here is the culture of openly discussing with customers whenever problem arises was not yet developed and customers are simply forced to give their opinion via the suggestion box installed at each Area Banks. The very problem of collecting complains using suggestion box was it consumes time until it was further processed by the experts and sent to the top management for the consecutive actions, where customers cannot tolerate such a time lap.

The other most important issue is on valuing and using customer feedback to improve one's services. According to the interviewee, it is only very recently that, customer opinion got the attention of the top management and started to be utilized to improve customer services. Hence, the opinions of the interviewees are consistent with the opinion of the customers.

Competence was the last relationship dimension considered under the present study.

Competence is defined as the buyer's perception of the organisation's technological and commercial competence (Anderson and Weitz, 1989). It is said that people seldom attempt to obtain the best services, but instead seek fair services and consistent treatment from their organisation. Customers are more satisfied if they receive a service similar to what other customers receive. But competitive advantage of own organisation over other creates customer loyalty. As cited by, Krishnakumary.M. And Santhosh.P (2015).

Seven questions which were adopted from Ndubisi&Wah (2005), was considered in order to evaluate the predictive power, as well as the degree of relationship between the independent variable competence and the response variable customer loyalty. Hence, the response obtained from customers of Dashen Bank showed that, even if the two variables are positively correlated at ( $R=0.457$ ), the relative importance weight of this variable was found to be the least among all the other relationship marketing constructs considered under the present study, ( $RIW=9.1\%$ ). The frequency distribution table attached at the end of the paper showed that, customers of Dashen Bank was not agreed on five of the seven questions brought forward to them, which laid a significant ground for the least contribution of this variable to the variance in the dependent variable customer loyalty.

Those opinions which was highly rated below disagree includes, my Bank has knowledge about market trends, my Bank provides me with advice on how I should invest my money, my Bank help me to plan my investment and my Bank provides effective sales promotion among the others which accounted for a cumulative percentage of 26.8%, 62.3%, 70.7%, 73.2%, and 41.5% respectively.

Therefore, from the above result we can conclude that, Dashen Bank has a serious problem of competence related to creating its relationship with customers to maintain their loyalty.

### **Competence dimension within the eyes of the division heads**

According to the interviewee, based on the measurements presented to evaluate the competence of Dashen Bank, most of them are disregarded by the Bank, overlooking their paramount importance in maintaining strong relationship with customers. In terms of competence, the Bank is only good at having knowledge about banking services and analysing market trends, coupled with adopting new banking technologies. Whereas, the Bank was not good at offering an advisory services on how customers plan should and invest their money, provides effective sales promotion to increase customers repurchase intentions and frequently makes adjustments to suit customers' needs. This result was consistent with the opinion obtained from customers of Dashen Bank.

### **Some more issues from the interview**

Beyond the interview result used under the discussion part, the following points were also gathered by the researcher from the interviewee:

The first question brought forward for the two division heads was, as to whether there is a separate relationship marketing division established in the Bank or not. Accordingly, they confirmed that, even if the name of the division was not coined as relationship marketing, there is a division called customer relationship where, a very little aspect of relationship marketing is undergoing.

The second question was as to whether the division established for conducting relationship activities with customers got the necessary attention from the top management or not. According to the division heads, very little attention was given to this particular division despite its paramount importance in securing the loyalty of customers.

The Third question was related to, as to whether customer loyalty is a pressing issue in Dashen Bank or not. Both of the division heads reached on agreement that, in today's dynamic and volatile banking industry where new competitors were born frequently and customers are very sensitive in shifting their preferences, definitely customer loyalty was remained a headache for Dashen Bank SC, unless and otherwise extensive work has been done as part of developing the relationship marketing strategy of the Bank.

The researcher was also asked a question on how they describe the importance of relationship marketing in securing the loyalty of customers in Dashen Bank SC. According to the division heads, no business can exist without customers and hence it is a must for Dashen Bank to focus on its relationship marketing activities so that it can win the hearts and minds of its customers.

According to them, in a now day's banking industry in Ethiopia where there is a strong and fierce competition among players to share the customer's wallet, its only through developing a strong relationship marketing strategy that Dashen Bank should withstand the competition and maintain the loyalty of its customers.

Finally they recommended the following important points to enhance the relationship marketing activities of the Bank:

- ❖ Bringing a customer centric orientation to the Bank, where everybody involved in the operation has to show the necessary respect to the customers.
- ❖ Developing compliant handling procedures, where customers get the necessary feedback quickly.
- ❖ Hiring a fresh graduate who had the necessary service orientation and providing continuous training to them to develop their skill.
- ❖ Creating the marketing orientation in general from top level managers to the lower level operational employees.
- ❖ Reassessing the technology as to whether it is really the business model that push the Bank to adopt the present technology.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1. SUMMARY

Based on the data collected from customers of Dashen Bank and the analysis made so far, the following important summary of the finding was obtained.

- ❖ The reliability test conducted to check the dependability and consistency of the instrument showed, a Cronbach Alpha of **0.818**.
- ❖ Sex of the respondents showed, **44.4 % ( 111)** are Female and the remaining **55.6 % (139)** are Male respondents.
- ❖ The age of the respondents showed that, **84.8 % ( 212)**, were below the age category of 20-39
- ❖ The educational qualification of the respondents showed, **33.6%(84)** are holding below diploma in cumulative percentage, **61.6%(154)** was degree holders and the remaining **4%(10)** and **0.8%(2)** was postgraduates and from other qualification.
- ❖ The occupational status of the respondents showed, **56 % ( 138)** were both from the government and private sectors at a cumulative percentage, **38.4 % ( 96)** are from those who run their own business and the remaining **4.8 % ( 12)** are students and from other occupations respectively.
- ❖ The monthly income of the respondents showed, **58.2 % ( 145)** were earning a monthly income below the category of 3000-4999 at a cumulative percentage and **40.8 % ( 102)** of the respondents were earning a monthly income above 5000.
- ❖ Regarding the service time, **58 % ( 145)** are using the Bank service below 3-5 years, **18.4 % ( 46)**, using the Bank services between 5-7 years and the remaining **23.6 % ( 59)** are using for above 7 years.
- ❖ Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Trust* showed, an (**R=0.666**), (**P<0.01**), where **H1** was accepted.

- ❖ Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Commitment* showed, an (**R=0.470**), (**P<0.01**), where **H2** was accepted.
- ❖ Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Communication* showed, an (**R=0.573**), (**P<0.01**), where **H3** was accepted.
- ❖ Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Conflict Handling* showed, an (**R=0.626**), (**P<0.01**), where **H4** was accepted.
- ❖ Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Competence* showed, an (**R=0.457**), (**P<0.01**), where **H5** was accepted.
- ❖ Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Relationship Marketing* in general showed, an (**R=0.750**), (**P<0.01**), where **H6** was accepted.
- ❖ The normality test conducted so far showed skewness and kurtosis value of the entire dependent and the independent variables are within the acceptable ranges of plus or minus 1.
- ❖ The linearity test conducted so far which considered customer loyalty as a dependent variable denoted as **Y** and trust, commitment, communication, conflict handling and competence as an independent variables denoted as **X1,X2,X3,X4,X5** showed, a positively sloped least square regression line.
- ❖ The homoscedasticity test conducted so far showed relatively there an equal variance across the population.
- ❖ The independence of residual test result showed a Durbin Watson of **1.866**.
- ❖ The multicollinearity assumption test result showed that, the inter correlations between all the independent variables are well below the acceptable range of **0.80**, the tolerance values of all greater than the acceptable range of **0.10** and the VIF value of all less than the acceptable range of **2.5**.

- ❖ The model summary results showed that, a linear combination of all the independent variables considered under the study predicts ( $R^2=0.575$ ), of the variance in the dependent variable customer loyalty.
- ❖ The ANOVA test result showed that, the value of  $R$  and  $R^2$  obtained under the model summary part was statistically significant at ( $F=65.913$ ), ( $P<0.001$ ).
- ❖ The standardized beta coefficient (RIW), of each independent variable showed, (Trust= $0.314$ , Commitment= $0.151$ , Communication= $0.168$ , Conflict handling= $0.25$  and Competence= $0.091$ ).
- ❖ The unstandardized beta coefficient values for each independent variables showed, ( $\beta_{x1}=0.306$ ,  $\beta_{x2}=0.158$   $\beta_{x3}=0.168$   $\beta_{x4}=0.28$  and  $\beta_{x5}=0.124$ ).

## 5.2. CONCLUSION

This study has pointed out the impact of relationship marketing activities on the customer loyalty in banking sector in the case of Dashen Bank SC. The study considered five relationship marketing constructs such as, Trust, Commitment, Communication, Conflict handling and competence as independent variables and witnessed their impact on the response variable customer loyalty. The data collection instruments were adopted from previous studies conducted by Ndubisi and Wah (2005). Reliability test was also conducted to check the consistency and dependability of the instruments and accordingly the Cronbachs Alpha value obtained from the respondents helped the researcher to concluded that, the instruments was proven to be reliable.

Relationship Marketing is the heart of all successful Financial Service Institutions. It can help to develop a satisfied customer base and improve customer loyalty. To succeed, every business needs to take a customer centric approach and build long lasting relationship with customers. The need to understand the customer perception about the relationship marketing activities of Dashen Bank is proved through this study. It is evident from the study that, building trust, showing commitment to customers, developing competence, proper customer communication and conflict handling activities would help Dashen Bank to serve customers according to their expectations and thereby to build customer satisfaction and loyalty.

Therefore, from the findings the present study, the researcher concluded that:

- ❖ All the relationship marketing constructs considered under the present study was positively correlated with the response variable customer loyalty using Pearson correlation test and hence, we concluded that, for every unit increase in the independent variables, the dependent variable customer loyalty will increase in Dashen Bank SC.
- ❖ Since there was a significant positive association between components of relationship marketing and the response variable customer loyalty, the researcher concluded that, all the hypothesis presumed were well accepted.



- ❖ All the multiple regression assumptions of normality, linearity, independence of residuals, homoscedasticity and multicollinearity were proven to valid under the present study.
- ❖ From the model summary part of multiple regressions we concluded that relationship marketing has significant impact in explaining the variance in the dependent variable customer loyalty in Dashen Bank SC.
- ❖ From the ANOVA test result, we concluded that, the **R** and **R<sup>2</sup>** of the linear combinations of relationship marketing components were statistically significant in explaining the variance in the response variable customer loyalty in Dashen Bank SC.
- ❖ From the standardized Beta coefficient we concluded that, Trust dimension of relationship marketing was the most important predictor of the response variable customer loyalty in Dashen Bank SC, followed by conflict handling, communication, and commitment according to their order of importance. Whereas, Competence was the least contributor to the positive variance in the response variable customer loyalty.

Finally, considering the paramount importance of relationship marketing, especially in service providing company like Dashen Bank in securing the loyalty its customers, much attention has to be paid on the dimensions RM discussed so far, so that it will be useful in formulating customer relationship management strategies for the Bank as well as, to be able to lay the ground for future researchers.

### 5.3. RECOMMENDATIONS

In today's volatile and dynamic business environment where, customers are very sensitive in changing their preference across many service providers, relationship marketing plays a rampant role in maintaining the loyalty of customers. So, in order for Dashen Bank, to be benefited the most out of its relationship with customers, the following constructive suggestion was forwarded by the researcher, armed the response obtained from customers of the Bank:

- ❖ It is obvious that, today's customers were very demanding than ever. So, Dashen Bank has to work hard towards providing consistent and quality services than players in the industry, in order to further develop trust in the minds of its customers, which otherwise costs the Bank in losing its loyal customers.
- ❖ The Bank should focus on its recruitment and selection policy, especially on those who are bringing the front image of the Bank and on promoting customer oriented culture, as today's customers are highly demanding of being honoured.
- ❖ The Bank should conduct a regular training session for all members of staff on proper customer relation, so that customers are well treated and respected at any point in time and hence develop a sense of trust on the Bank.
- ❖ The Bank should consider offering personalized services to its customers, where they are served based on their will and interest. In doing so, Dashen Bank needs to consider knowing who is his customers and at the same time identify what is important to them than, simply offering a mass services.
- ❖ The Bank should consider avoiding the highest level of rigidity, while it ponders to change its services and at the same time while striving to fulfil customer's needs. Meaning that, the Bank has to exercise tolerable range of flexibility in offering its services to customers.
- ❖ The Bank should aggressively communicate its existing as well as new products and services, so that the largest majority of its customers are aware of what is going on in the Bank.

- ❖ The Bank should understand the power of social media and needs to have an **active profiles** set up on all the popular social sites such as Facebook, Twitter, LinkedIn, and Google+, in order to further strengthen its communication with customers.
- ❖ It is recommended to the Bank, to solve conflicts in a manner that will eliminate unimportant loss and inconvenience to customers. Most of the time, it is better for the Bank to handle conflicts using face to face communication with its customers.
- ❖ The conflict handling mechanism of the Bank should be automated, in such a way that customers get a quick solution on the problem they encountered in the service delivery process of the Bank. One way of doing this is through developing a call centre.
- ❖ The Bank should strive to **integrate customer feedback** as much as possible in order to improve its products and services.
- ❖ The Bank should seriously scrutinize what is going on, in the domestic and international banking environment and be proactive in adopting new banking technologies and regularly making adjustments related to service charges and others, to rectify its competence to customers, which further strengthens its relationships.
- ❖ The Bank should conduct regular surveys on its customers to understand the current challenges and needs of the market.
- ❖ The data obtained from customers of Dashen Bank showed that, the majority of them were not agreed on the fact that, the Bank helped them in planning and investing their money by the time they evaluate the bank's competence. So, in order for the Dashen Bank to capacitate its incapacitation related to the captioned case, mechanisms have to be stretched in extending advisory services at least for customers with a very important transactions.

- ❖ Respondents were also replied that, the Bank could not manage to provide effective sales promotions. To come up with this problem, Dashen Bank should have to provide its customers with different kinds of gifts for their transaction with the Bank, in order to stimulate their purchase intentions. One way of doing this is through conducting a loyalty campaign, as it was done by the exemplary Commercial Bank of Ethiopia, but in different ways.
  
- ❖ Finally, for Dashen Bank to make its customers **not only like it, but also love it**, it should have to consistently go out of its ways to let them know how much it valued them, in order to develop a strong relationship and maintain their loyalty.

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# APPENDICES

## Appendix 1- structured questionnaire on components of RM



**Saint Marys University**

**Post Graduate Studies**

**MBA: Program**

### **Standard questionnaire**

This questionnaire is prepared to conduct a preliminary assessment on the impact of relationship marketing on customer loyalty in banking sector in the case of Dashen Bank SC. The information acquired through this questionnaire will be kept confidential and it is purely for academic purpose. Therefore, I kindly request your timely and honest responses.

The researcher sincerely expresses his thanks in advance for devoting your time and energy to complete this questionnaire.

**Note:** please note that you are not required to give your name and address when completing the questionnaire.

### ***Part I: Demographic or General information***

*Choose the suitable answer and tick(✓) in the box for each question.*

1. Gender      female                            Male
2. Age              below 20 years                            20-39 years   
                         40-59 years       60 years and above
3. Educational qualification      primary       secondary            diploma   
                         Degree            postgraduate       others
4. Occupation                              government sector       private sectors   
                                                            Own business            student                    others



to help me					
11. Contact person of the Bank strives to know and understand my needs					
<b>Communication</b>					
12. The Bank provides timely and trustworthy information					
13. The Bank provides information when there is new banking services					
14. The Bank makes and fulfils promises					
15. Information provided by the Bank is always accurate					
16. My Bank provides information when there is a problem with my transaction					
<b>Conflict handling</b>					
17. The Bank tries to avoid potential conflict					
18. The Bank tries to solve manifest conflicts before they create problems					
19. The Bank has the ability to openly discuss solutions when problems arise					
20. The Bank values and uses customer feedback to improve service delivery					
21. The Bank frequently asks for customer opinion and suggestions					
22. The Bank accepts criticism and complaints					
<b>Competence</b>					
23. My Bank has knowledge about banking services					
24. My Bank has knowledge about market trends					
25. My Bank provides me with advice on how I should invest my money					

26. My Bank help me to plan my investment					
27. My Bank provides effective sales promotion					
28. My Bank makes adjustment to suit my needs					
29. The Bank is competent in terms of adopting new banking technologies and in improving my living standard					
<b>Customer loyalty</b>					
30. Considering the Bank as first choice among other banks in the area;					
31. The Bank that first comes to my mind when making purchase decision on bank services					
32. I want to remain as a customer of this Bank because I genuinely enjoy my relationship with them.					
33. I expect my relationship with the Bank to continue for a longer period					
34. I would recommend this service provider to others					
35. This service provider stimulates me to buy repeatedly					

## Appendix -2 Semi-structured questionnaires

### Interview questions

1. Is there a separate relationship marketing division in Dashen Bank SC?
2. Considering the utmost significance of the division, do you think that it has got the necessary attention from the top management?
3. Do you think that, customer loyalty is a pressing issue in Dashen Bank SC?
4. How can you describe the importance of relationship marketing in securing the loyalty of customer in Dashen Bank SC?
5. Do you think that Dashen Bank SC builds a strong trust in the minds of its customers through, keeping its promise, very much concerned with the security of their transactions, fulfilling obligations and providing consistent quality services?
6. Do you think that Dashen Bank is committed enough in securing the loyalty of its customer through, offering personalized and flexible services and at the same time showing respect to customers in fulfilling their needs.
7. How do you evaluate the communication dimension of relationship marketing in Dashen Bank with regards to providing timely, trustworthy and accurate information to the customers, coupled with informing them regularly by the time the Bank introduce new banking services and when there is a problem related to their transaction.
8. How do you evaluate the conflict handling procedures of the Bank in terms of, trying to avoid potential conflict before and after their occurrences, the ability of the Bank in openly discussing with customers when problem occurred, in valuing and using customer feedback to improve its services and in asking customers opinion and suggestions frequently and accepts criticism and complaints.
9. How do you evaluate the competence of Dashen Bank in terms of, its knowledge about banking services, market trends, providing advisory services on how customers should plan and invest their money, providing effective sales promotion, making adjustment to suit customer's needs and adopting new technologies.
10. What do you recommend to do, to improve the relationship marketing activities of the Bank and secure the loyalty of its customers.

### Appendix -3 Lists of Area Banks with closed account

S/ N	NAME OF AREA BANK	NO-OF ACCOUNT CLOSED AS OF DEC 31,2014	NO-OF ACCOUNT CLOSED AS OF JAN 31,2015	TOTAL
1	DASHEN MAIN AREA BANK	402	34	436
2	DASHEN KERA AREA BANK	261	0	261
3	DASHEN TANA AREA BANK	190	83	273
4	DASHEN A/ANDINET AREA BANK	263	53	316
5	DASHEN MESSALEMIA AREA BANK	118	86	204
6	DASHEN BOLE AREA BANK	304	77	381
7	DASHEN LIDETA AREA BANK	104	66	170
8	DASHEN MEGENAGNA AREA BANK	150	108	258
9	DASHEN GULELE AREA BANK	159	55	214
10	DASHEN GOFFA AREA BANK	278	0	278
11	DASHEN T/ANBESSA AREA BANK	137	129	266
12	DASHEN KALITY AREA BANK	81	6	87
13	DASHEN PIASSA AREA BANK	70	35	105
14	DASHEN B/GABRIEL AREA BANK	77	1	78
15	DASHEN AIRPORT AREA BANK	196	6	202
	TOTAL	2790	739	3529

Source – Customer data base of Dashen Bank S.C., (2015).

## Appendix -4 Statistical output

### Part – I Demographic Variables of the respondents

#### Gender of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	111	44.4	44.4	44.4
Valid Male	139	55.6	55.6	100.0
Total	250	100.0	100.0	

#### Age of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Below 20 years	2	.8	.8	.8
Valid 20-39 years	210	84.0	84.0	84.8
40-59 years	36	14.4	14.4	99.2
60 years and above	2	.8	.8	100.0
Total	250	100.0	100.0	

#### Educational qualification of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
primary	7	2.8	2.8	2.8
secondary	17	6.8	6.8	9.6
Valid diploma	60	24.0	24.0	33.6
degree	154	61.6	61.6	95.2
post graduate	10	4.0	4.0	99.2
others	2	.8	.8	100.0
Total	250	100.0	100.0	



**Occupation of the respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	government sector	20	8.0	8.1	8.1
	private sector	148	59.2	60.2	68.3
	own business	66	26.4	26.8	95.1
	Student	6	2.4	2.4	97.6
	Others	6	2.4	2.4	100.0
	<b>Total</b>	<b>246</b>	<b>98.4</b>	<b>100.0</b>	
Missing	0	4	1.6		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**Monthly income of the respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 1000 Birr	10	4.0	4.1	4.1
	from 1000-2999 Birr	62	24.8	25.4	29.5
	from 3000-4999 Birr	70	28.0	28.7	58.2
	Birr 5000 and above	102	40.8	41.8	100.0
	<b>Total</b>	<b>244</b>	<b>97.6</b>	<b>100.0</b>	
Missing	888	6	2.4		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**For how many times you have used the Banks services**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 1 year	7	2.8	2.8	2.8
	1-3 years	74	29.6	29.6	32.4
	3-5 years	64	25.6	25.6	58.0
	5-7 years	46	18.4	18.4	76.4
	above 7 years	59	23.6	23.6	100.0
	<b>Total</b>	<b>250</b>	<b>100.0</b>	<b>100.0</b>	

*Part- II Basic questions of relationship marketing constructs and customer loyalty*

**The Bank is very concern with security for my transactions**

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	22	8.8	8.8	8.8
Disagree	38	15.2	15.2	24.0
Valid Neutral	19	7.6	7.6	31.6
Agree	74	29.6	29.6	61.2
strongly agree	97	38.8	38.8	100.0
<b>Total</b>	<b>250</b>	<b>100.0</b>	<b>100.0</b>	

**The Banks promises are reliable**

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	23	9.2	9.3	9.3
Disagree	28	11.2	11.3	20.6
Valid Neutral	17	6.8	6.9	27.4
Agree	89	35.6	35.9	63.3
strongly agree	91	36.4	36.7	100.0
<b>Total</b>	<b>248</b>	<b>99.2</b>	<b>100.0</b>	
Missing	2	.8		
<b>Total</b>	<b>250</b>	<b>100.0</b>		

**The Bank is consistent in providing quality service**

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	21	8.4	8.4	8.4
Disagree	53	21.2	21.3	29.7
Valid Neutral	15	6.0	6.0	35.7
Agree	73	29.2	29.3	65.1
strongly agree	87	34.8	34.9	100.0
<b>Total</b>	<b>249</b>	<b>99.6</b>	<b>100.0</b>	
Missing	1	.4		
<b>Total</b>	<b>250</b>	<b>100.0</b>		

**Employee of the Bank show respect to customers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	28	11.2	11.2	11.2
	Disagree	56	22.4	22.5	33.7
	Neutral	11	4.4	4.4	38.2
	Agree	77	30.8	30.9	69.1
	strongly agree	77	30.8	30.9	100.0
	Total	249	99.6	100.0	
Missing	8	1	.4		
Total		250	100.0		

**The Bank fulfils its obligation to customers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	14	5.6	5.6	5.6
	Disagree	21	8.4	8.5	14.1
	Neutral	8	3.2	3.2	17.3
	Agree	89	35.6	35.9	53.2
	strongly agree	116	46.4	46.8	100.0
	Total	248	99.2	100.0	
Missing	8	2	.8		
Total		250	100.0		

**I have confidence in the Banks service**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	26	10.4	10.6	10.6
	Disagree	36	14.4	14.7	25.3
	Neutral	18	7.2	7.3	32.7
	Agree	77	30.8	31.4	64.1
	strongly agree	88	35.2	35.9	100.0
	Total	245	98.0	100.0	
Missing	8	5	2.0		
Total		250	100.0		

**The Bank offers personalized services to meet customers need**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	55	22.0	22.4	22.4
	Disagree	65	26.0	26.5	49.0
	Neutral	13	5.2	5.3	54.3
	Agree	68	27.2	27.8	82.0
	strongly agree	44	17.6	18.0	100.0
	Total	245	98.0	100.0	
Missing	8	5	2.0		
Total		250	100.0		

**The Bank is flexible when its service are changed**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	46	18.4	19.2	19.2
	disagree	60	24.0	25.0	44.2
	neutral	13	5.2	5.4	49.6
	agree	68	27.2	28.3	77.9
	strongly agree	53	21.2	22.1	100.0
	Total	240	96.0	100.0	
Missing	8	10	4.0		
Total		250	100.0		

**The Bank is flexible in serving my needs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	45	18.0	18.4	18.4
	Disagree	64	25.6	26.1	44.5
	Neutral	8	3.2	3.3	47.8
	Agree	61	24.4	24.9	72.7
	strongly agree	67	26.8	27.3	100.0
	Total	245	98.0	100.0	
Missing	8	5	2.0		
Total		250	100.0		

**Employees of the Bank are always willing to help me**

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	17	6.8	7.0	7.0
	Disagree	19	7.6	7.9	14.9
Valid	Neutral	13	5.2	5.4	20.2
	Agree	75	30.0	31.0	51.2
	strongly agree	118	47.2	48.8	100.0
	Total	242	96.8	100.0	
Missing	8	8	3.2		
	Total	250	100.0		

**Contact person of the Bank strives to know and understand my needs**

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	17	6.8	7.2	7.2
	Disagree	29	11.6	12.3	19.6
Valid	neutral	6	2.4	2.6	22.1
	agree	77	30.8	32.8	54.9
	strongly agree	106	42.4	45.1	100.0
	Total	235	94.0	100.0	
Missing	8	15	6.0		
	Total	250	100.0		

**The Bank provides timely and trustworthy information**

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	10	4.0	4.0	4.0
	disagree	29	11.6	11.6	15.7
Valid	neutral	7	2.8	2.8	18.5
	agree	75	30.0	30.1	48.6
	strongly agree	128	51.2	51.4	100.0
	Total	249	99.6	100.0	
Missing	8	1	.4		
	Total	250	100.0		

**The Bank provides information when there is new banking services**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	31	12.4	12.6	12.6
	disagree	50	20.0	20.3	32.9
	neutral	12	4.8	4.9	37.8
	agree	53	21.2	21.5	59.3
	strongly agree	100	40.0	40.7	100.0
	<b>Total</b>		<b>246</b>	<b>98.4</b>	<b>100.0</b>
Missing	8	4	1.6		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**The Bank makes and fulfills promises**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	24	9.6	10.0	10.0
	Disagree	41	16.4	17.1	27.1
	Neutral	10	4.0	4.2	31.3
	Agree	95	38.0	39.6	70.8
	strongly agree	70	28.0	29.2	100.0
	<b>Total</b>		<b>240</b>	<b>96.0</b>	<b>100.0</b>
Missing	8	10	4.0		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**Information provided by the Bank is always accurate**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	12	4.8	4.8	4.8
	disagree	20	8.0	8.0	12.8
	neutral	14	5.6	5.6	18.4
	agree	85	34.0	34.0	52.4
	strongly agree	119	47.6	47.6	100.0
	<b>Total</b>		<b>250</b>	<b>100.0</b>	<b>100.0</b>

**My Bank provides information when there is a problem with my transaction**

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	20	8.0	8.1	8.1
	disagree	31	12.4	12.5	20.6
Valid	neutral	12	4.8	4.8	25.4
	agree	62	24.8	25.0	50.4
	strongly agree	123	49.2	49.6	100.0
	Total	248	99.2	100.0	
Missing	8	2	.8		
	Total	250	100.0		

**The Bank tries to avoid potential conflict**

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	7	2.8	2.8	2.8
	disagree	28	11.2	11.3	14.1
Valid	Neutral	9	3.6	3.6	17.7
	Agree	66	26.4	26.6	44.4
	strongly agree	138	55.2	55.6	100.0
	Total	248	99.2	100.0	
Missing	8	2	.8		
	Total	250	100.0		

**The Bank tries to solve manifest conflicts before they create problems**

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	11	4.4	4.4	4.4
	disagree	24	9.6	9.6	14.1
Valid	neutral	11	4.4	4.4	18.5
	agree	73	29.2	29.3	47.8
	strongly agree	130	52.0	52.2	100.0
	Total	249	99.6	100.0	
Missing	8	1	.4		
	Total	250	100.0		

**The Bank has the ability to openly discuss solutions when problems arise**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	24	9.6	9.8	9.8
	disagree	31	12.4	12.6	22.4
	neutral	8	3.2	3.3	25.6
	agree	78	31.2	31.7	57.3
	strongly agree	105	42.0	42.7	100.0
	<b>Total</b>		<b>246</b>	<b>98.4</b>	<b>100.0</b>
Missing	8	4	1.6		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**The Bank values and uses customer feedback to improve service delivery**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	14	5.6	5.7	5.7
	disagree	27	10.8	11.1	16.8
	neutral	7	2.8	2.9	19.7
	agree	94	37.6	38.5	58.2
	strongly agree	102	40.8	41.8	100.0
	<b>Total</b>		<b>244</b>	<b>97.6</b>	<b>100.0</b>
Missing	8	6	2.4		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**The Bank frequently asks for customer opinion and suggestions**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	12	4.8	4.9	4.9
	disagree	17	6.8	6.9	11.8
	neutral	7	2.8	2.8	14.6
	agree	112	44.8	45.5	60.2
	strongly agree	98	39.2	39.8	100.0
	<b>Total</b>		<b>246</b>	<b>98.4</b>	<b>100.0</b>
Missing	8	4	1.6		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**The Bank accepts criticism and complaints**



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	17	6.8	7.1	7.1
	disagree	32	12.8	13.4	20.5
	neutral	12	4.8	5.0	25.5
	agree	82	32.8	34.3	59.8
	strongly agree	96	38.4	40.2	100.0
	<b>Total</b>	<b>239</b>	<b>95.6</b>	<b>100.0</b>	
Missing	8	11	4.4		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**My Bank has knowledge about banking services**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	19	7.6	7.7	7.7
	disagree	26	10.4	10.6	18.3
	neutral	17	6.8	6.9	25.2
	agree	66	26.4	26.8	52.0
	strongly agree	118	47.2	48.0	100.0
	<b>Total</b>	<b>246</b>	<b>98.4</b>	<b>100.0</b>	
Missing	8	4	1.6		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**My Bank has knowledge about market trends**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	21	8.4	8.5	8.5
	disagree	45	18.0	18.3	26.8
	neutral	15	6.0	6.1	32.9
	Agree	72	28.8	29.3	62.2
	strongly agree	93	37.2	37.8	100.0
	<b>Total</b>	<b>246</b>	<b>98.4</b>	<b>100.0</b>	
Missing	8	4	1.6		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**My Bank provides me with advice on how I should invest my money**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	66	26.4	26.7	26.7
	disagree	88	35.2	35.6	62.3
	neutral	22	8.8	8.9	71.3
	Agree	50	20.0	20.2	91.5
	strongly agree	21	8.4	8.5	100.0
	<b>Total</b>	<b>247</b>	<b>98.8</b>	<b>100.0</b>	
Missing	8	3	1.2		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**My Bank help me to plan my investment**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	78	31.2	31.7	31.7
	Disagree	96	38.4	39.0	70.7
	Neutral	9	3.6	3.7	74.4
	Agree	39	15.6	15.9	90.2
	strongly agree	24	9.6	9.8	100.0
	<b>Total</b>	<b>246</b>	<b>98.4</b>	<b>100.0</b>	
Missing	8	4	1.6		
<b>Total</b>		<b>250</b>	<b>100.0</b>		

**My Bank provides effective sales promotion**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	82	32.8	32.8	32.8
	disagree	101	40.4	40.4	73.2
	neutral	7	2.8	2.8	76.0
	Agree	44	17.6	17.6	93.6
	strongly agree	16	6.4	6.4	100.0
	<b>Total</b>	<b>250</b>	<b>100.0</b>	<b>100.0</b>	

**My Bank makes adjustment to suit my needs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	42	16.8	17.1	17.1
	disagree	60	24.0	24.4	41.5
	neutral	15	6.0	6.1	47.6
	Agree	95	38.0	38.6	86.2
	strongly agree	34	13.6	13.8	100.0
	Total	246	98.4	100.0	
Missing	8	4	1.6		
Total		250	100.0		

**The Bank is competent in terms of adopting new banking technologies and in improving my living standard**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	31	12.4	12.9	12.9
	disagree	35	14.0	14.5	27.4
	neutral	7	2.8	2.9	30.3
	agree	71	28.4	29.5	59.8
	strongly agree	97	38.8	40.2	100.0
	Total	241	96.4	100.0	
Missing	8	9	3.6		
Total		250	100.0		

**Considering the Bank as first choice among other banks in the area;**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	25	10.0	10.2	10.2
	disagree	32	12.8	13.1	23.3
	neutral	13	5.2	5.3	28.6
	agree	73	29.2	29.8	58.4
	strongly agree	102	40.8	41.6	100.0
	Total	245	98.0	100.0	
Missing	8	5	2.0		
Total		250	100.0		

**The Bank that first comes to my mind when making purchase decision on bank services**

		<b>Frequenc y</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
	<b>strongly disagree</b>	30	12.0	12.1	12.1
	<b>disagree</b>	48	19.2	19.4	31.5
<b>Valid</b>	<b>neutral</b>	9	3.6	3.6	35.1
	<b>agree</b>	68	27.2	27.4	62.5
	<b>strongly agree</b>	93	37.2	37.5	100.0
	<b>Total</b>	248	99.2	100.0	
<b>Missin g</b>	<b>8</b>	2	.8		
<b>Total</b>		250	100.0		

**I want to remain as a customer of this Bank because I genuinely enjoy my relationship with them.**

		<b>Frequenc y</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
	<b>strongly disagree</b>	24	9.6	9.6	9.6
	<b>disagree</b>	35	14.0	14.0	23.6
<b>Valid</b>	<b>neutral</b>	10	4.0	4.0	27.6
	<b>agree</b>	95	38.0	38.0	65.6
	<b>strongly agree</b>	86	34.4	34.4	100.0
	<b>Total</b>	250	100.0	100.0	

**I expect my relationship with the Bank to continue for a longer period**

		<b>Frequenc y</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
	<b>strongly disagree</b>	21	8.4	8.5	8.5
	<b>disagree</b>	49	19.6	19.8	28.2
<b>Valid</b>	<b>neutral</b>	11	4.4	4.4	32.7
	<b>agree</b>	92	36.8	37.1	69.8
	<b>strongly agree</b>	75	30.0	30.2	100.0
	<b>Total</b>	248	99.2	100.0	
<b>Missin g</b>	<b>8</b>	2	.8		
<b>Total</b>		250	100.0		

**I would recommend this service provider to others**

	<b>Frequenc y</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>strongly disagree</b>	27	10.8	10.8	10.8
<b>disagree</b>	42	16.8	16.8	27.6
<b>Valid neutral</b>	10	4.0	4.0	31.6
<b>agree</b>	83	33.2	33.2	64.8
<b>strongly agree</b>	88	35.2	35.2	100.0
<b>Total</b>	250	100.0	100.0	

**This service provider stimulates me to buy repeatedly**

	<b>Frequenc y</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>strongly disagree</b>	30	12.0	12.0	12.0
<b>disagree</b>	64	25.6	25.6	37.6
<b>Valid neutral</b>	10	4.0	4.0	41.6
<b>agree</b>	68	27.2	27.2	68.8
<b>strongly agree</b>	78	31.2	31.2	100.0
<b>Total</b>	250	100.0	100.0	