ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER RETENTION: EVIDENCES FROM WEGAGEN BANK ADDIS ABABA, ETHIOPIA

BY

ELBETHEL ASEFA ESHETU

A THESIS SUBMITTED TO ST. MARY UNIVERSITY SCHOOL OF GRADUATED STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION

JUNE 2021
ADDIS ABABA, ETHIOPIA

THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER RETENTION: EVIDENCES FROM WEGAGEN BANK ADDIS ABABA, ETHIOPIA

BY

ELBETHEL ASEFA ESHETU

A THESIS SUBMITTED TO ST. MARY UNIVERSITY SCHOOL OF GRADUATED STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER IN BUSINESS ADMNISTRATION

JUNE 2021
ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER RETENTION: EVIDENCES FROM WEGAGEN BANK ADDIS ABABA, ETHIOPIA

BY

ELBETHEL ASEFA ESHETU

APPROVED BY BOARD OF EXAMINERS

______________________	______________	______________
Dean, Graduate Studies	**Signature**	**Date**
______________________	______________	______________
Advisor	**Signature**	**Date**
______________________	______________	______________
Internal Examiner	**Signature**	**Date**
______________________	______________	______________
External Examiner	**Signature**	**Date**

DECLARATION

I, the undersigned, declare that this study entitled “The Effect of Relationship Marketing On Customer Retention: Evidences from Wegagen Bank Addis Ababa, Ethiopia**”.** Prepared under the guidance of Mesfin Tesfaye (PHD.). 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.

Name: Elbethel Asefa

Signature____

Date____

CERTIFICATION

This is to certify that Elbethel Asefa has done a study on the topic “The Effect of Relationship Marketing On Customer Retention: Evidences from Wegagen Bank Addis Ababa, Ethiopia” for the partial fulfillment of the requirements for the Degree of Masters of Business Administration at St. Mary’s University with my guidance and approval as a university advisor.

Advisor’s Name: ______________________________

Signature: ____________________________

Date: _________________________________

ACKNOWLEDGEMENT

I would like to show gratitude to My Almighty God, for helping me stood in front of each day and for giving me all the tenacity I have showed in bringing this paper to an end, which otherwise be impossible to do.

Next, my genuine thankfulness goes to my advisor Mesfin Tesfaye (PHD), for his unreserved and extraordinary effort in providing all the necessary constructive advises on how to go through all the contents of the paper, which otherwise be difficult to stand alone.

I am also very much grateful for Wegagen Bank S.C, staffs members and its customers for their cooperative support in the process of distributing and collecting data's.

Last but not least, I would like to extend my earnest appreciation to my families, for their unreserved support and encouragement while doing this paper.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS AND ABBREVIATIONS

ANOVA	**Analysis of Variances**
POS	**Point of Sale or Point of Service**
RMS	**Relationship Marketing Strategy**
S.C.	**Share Company**
SPSS	**Statistical Package for Social Science**
VIF	**Variance Inflation Factor**

ABSTRACT

Retaining customers in the service industry has become a major objective of relationship marketing. This study investigated the effect of relationship marketing on customers' retention in case of Wegagen bank in Addis Ababa. The study's independent variables are customer satisfaction, trust, commitment and promise keeping while the dependant variable is customer retention.The study attended 76 % of responses rate. Twenty-four percent (24%) of the questionnaires were unreturned. The reliability, validity and pilot tests were conducted. Stratified sampling was applied based on the surveyed company branches. Descriptive statistics like frequency and percentage were employed to analyze background information of respondent. Thus, this study found that customers strongly feel a sense of belonging to the Bank. As promised, this bank offers greater benefits to card-members. Using correlation analysis, the test result showed that customer satisfaction, trust, commitment and keeping promises have has positively significant relationship with customer retention. In addition, multiple regressions have been employed and this study found that there is a positive and significant effect of trust, commitment and keeping promises and customer retention. This study concluded that customer satisfaction, trust, commitment and keeping promises enhance customer retention. Therefore, the banking industry must practice and improve strong relationships with their customers in order to compete and retain successfully and effectively in the competitive retail banking environment.

Key Words: Commitment, Relationship Marketing, Retention, Satisfaction, Trust

CHAPTER ONE
INTRODUCTION

This chapter acmes the background of the study, statement of the problem, objective of the study, hypothesis statement, significance of the study, scope and limitation of the study and organization of the paper.

1.1 Background of the Study

The start of the 19th century through to the 20th century saw an increase in growth in the banking industry all over the world. This was credited to the enlarged need to make savings, the need for mortgages, loans and privacy of customer's documents. According to Genesys (2010), these needs were at a saturated level by the start of the 21st century after the number of banks in the market increased enormously, leading to increased competition. Due to problems in differentiating their companies, a substantial number of banks have had issues fulfilling performance expectations due to the severe competition from both traditional brick and mortar operations and emerging internet banks, difficulties in reaching customers likely to respond positively to new sales opportunities and difficulties in making the most of their valued staff. Banks that define and implement solutions to such problems and they can be able to keep their main asset - customers in place. As a result, such banks should form positive relationships with their consumers in order to build a customer loyalty image that will ensure their survival (Huber and O'Gorman, 2008). Customers put a priority on the service aspect and engagement with the service provider while choosing a company, so banks, as service providers, will benefit from a stronger relationship marketing strategy. In the service industry, relationships with customers are important in determining customer loyalty, support, and retention. As competition intensifies, products and services become more similar, businesses in both the manufacturing and service sectors are finding it difficult to differentiate themselves from competitors (Rootman, Tait & Sharp, 2011).

Most banks in the world and specifically in the developed countries concentrated most on the systems and accounting rather than on the operations and marketing (Rao, 2000). He further indicates that marketing in banks involves being customer oriented which means that banks should strive to create new and innovative services while keeping in view the changing needs of their customers. It is obvious that the consumer is the main source of profit and potential growth for a business (Chakiso, 2015). As a result, in order to compete and attract customers efficiently and effectively in the dynamic retail banking market, the banking industry must practice and develop strong customer relationships.

Customers are mostly concerned to move from one bank to another which is unprofitable for both the banks and their customers. In past clients frequently did not have any alternative suppliers on the grounds that the market growth was becoming so quick and competition was extremely low with the end goal that the organization did not worry about fully satisfying its clients (Magasi, 2015). Companies like banks not only want to satisfy their customers, but they also want to do this more efficiently and successfully than their competitors in the competitive market place in order to meet their objectives and goals. An organization's most important goal is to maintain customer loyalty by emphasizing a customer-centric approach in its organizational and marketing strategies (Haumann, Quaiser, Wieseke & Rese, 2014).

Customers are the mainstay for companies because they are the sources of income for a profit-making company. Bojei, Julian, Che Wel, and Ahmed, (2013) stated that all business organizations are working to determine the best advertising strategies or tactics to meet client needs. Due to rapid bank expansion, intense competition for customer retention, and a rapidly evolving work environment, top bank management recognizes the value of developing good relationships with customers and has begun to employ numerous marketing strategies to achieve their goals and maintain long-term profitability and sustainable core revenues (Al-Hersh, Aburoub, and Saaty, 2014).

The surveyed company is an Ethiopian bank founded on June 11, 1997, with birr 60 million in subscribed capital and birr 30 million in paid-up capital. Wegagen Bank S.C offers various commercial and international banking services Such as, deposit products, including overdraft accounts, checking deposits, negotiable order of withdrawal accounts, zero balance accounts, savings deposits, and fixed time deposits. Then again, term loans, merchandise loans, trade and service loans, agricultural production loans, manufacturing loans, building construction loans, bridge loans, consumer loans, and automobile loans are all part of the company's loan portfolio. Moreover, the bank provides international banking, Forex bureau services, and local and international money transfer services (Wegagen Bank, 2020). Hence, the aim of this study is to investigate the impact of relationship marketing strategy on customer retention in the Ethiopian bank industries the case of Wegagen bank selected branches was aid in understanding the effect of these relationship marketing dimensions and the response of the responsible bodies towards customer retention based on the variables.

1.2 Statement of the Problem

Banks have significant contributions for the country's economic development through the increased competition among financial sector actors. Due to the Participation of private banks in the banking sector, banks need frequent market studies that will be undertaken to inspect the marketing effectiveness such as relationship marketing. Particularly, According to Desnet (2019), Ethiopian banks have lack of creating ongoing relationship with customers' in their search for banks value. He also stressed that Wegagen bank merely good at providing quality in the banking core services. However, the preliminary investigation of this study found that banks did not properly implement its marketing strategy such as market segmentation and targeting and there is lack of continuous monitoring of relationships. It shows it has this banks has unable to appropriately formulate alternative marketing strategy in an environment where diversity had become the market norm. It did not heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to desires of consumers for more precise satisfaction of their varying wants. It has also lack of achieving product differentiation.

This leads to think that the bank may lack of collaboration for mutual value creation with win–win outcomes and it is organized by bureaucratic–legal values that are discarded in favor of treating customers as differing. Hence, the bank may loss its competitive advantage that is reacting to customers' desires, keeping customers' relationship needs, purchasing habits, and practices. Based on its annual report (Wegagen Bank, 2020), this bank ensured its possible marketing strategy is effective. This does not be proven through customer relationship marketing and customer satisfaction surveys as per the preliminary test results of this study. Marketing experts also gave their words as this bank has used traditional marketing techniques that are applied to raise awareness of the company's offerings in order to attract more consumers. There has been little attention on designing marketing campaigns and services that can help existing customers keep their company. These experts also gave a clue that relationship marketing practices in Wegagen bank's Addis Ababa branches has given little attention.

A numerous studies in relationship marketing strategy have examined the relationship between customer relationship marketing and customer retention, with the majority of them pointing to a positive result (Gustafsson, Johnson and Roos, 2005 and Hang-kit Yim, Anderson and Swaminathan, 2004, Venetis and Ghauri, 2004). This establishes the importance of customer relationship marketing in customer retention. Others found that relationship marketing strategies such as customer relationship marketing have a negative impact on customer retention (Verhoef, 2003). In addition, these studies did not include customer relationship marketing success factors like promises, trust, satisfaction and commitment. According to the authors, in an increasingly competitive market when customers are becoming less loyal to a company Relationship marketing helps in retaining customers and develops a competitive advantage. This study found widely inconsistent results that have been found in most of the studies in the more developed economies. A very little attention had been paid to the concept of customer relationship marketing towards customer retention until recent times in Ethiopia (Desnet, 2019). He also revealed that a scarcity of research on the effect of relationship marketing strategy on customer retention, especially in the banking industry. It shows it needs more research in various contexts to ensure that this strategic posture can be applied in a wide range of situations to improve customer retention. Therefore, this study was conducted to examine the effect of relationship marketing in terms of customer satisfaction, trust, commitment, promises on customer retention, in Wegagen bank of S.C. and is envisioned to bond the above gaps and to contribute to literature on the effect of relationship marketing strategy on customer retention and help the banks to improve their customer retention effectiveness.

1.3 Research Questions

1.3.1 Main Research Question

- Is relation marketing affects customer retention in west District Branches of Addis Ababa of Wegagen Bank, in Ethiopia?

1.3.2 Sub Research Questions

- How does customer satisfaction influence customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?
- To what extent does trust influence customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?
- To what extent does commitment influence customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?
- How does keeping promises influence customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of the study was to examine the effect relation marketing on customer retention in west District Branches of Addis Ababa of Wegagen Bank, in Ethiopia.

1.4.2 Specific objectives

- To examine the effect of customer satisfaction on customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?
- To test the effect of trust on customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?
- To analyze the effect of commitment influence customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?
- To examine the effect keeping promises on customer retention in west District Branches of Addis Ababa of Wegagen Bank in Ethiopia?

1.5 Significance of the Study

The finding of this study is significant in various dimensions. It shows the effect of relationship marketing on customer retention while they give the service for their customers and to implicate possible solutions for their problems. In addition, it shows the effect of these relationship marketing dimensions and the response of the management towards customer retention based on the dimensions. Thus, it helps to understand the paradigm shift within marketing away from a transaction focus toward a relationship focus. Further, it helps to comprehend a strategic orientation that focuses on keeping and improving current customers, rather than on acquiring new customers. This approach suggests that customers would rather have a long-term relationship with a single company than switch suppliers frequently in their search for the best value. Successful marketers are focusing on efficient client retention tactics based on this assumption keeping a current customer is usually much cheaper than acquiring a new one.

This study laps helps the management of the bank look in to alternative actions based on these four basic relationship marketing dimensions. That forwards them to long-term collaboration for mutual value creation (win–win outcomes of a 'plus sum game' that emphasizes commitment for an extended duration, and care, over and above attraction). In addition, this study helps to recognized all the bank community (customers, stakeholders, employees and others) as active. This is due to the fact that either of the interacting parties can initiate innovation, etc. i.e., the relationship is co-managed). This study helps to enhance the banks relational and service values – bureaucratic–legal values are discarded in favor of treating customers as differing (within communities of affinity) exchangers of value (co-defined by them, in various forms).

The link between customer retention and profitability in bank service situations will be enhanced and promoted the benefits of customer retention through relationship building. The location of a supplier in a value delivery sequence determines whether a client is the end user of a product or service. Several organizations market both to trade customers (intermediaries, distributors or retailers) and consumers (end purchasers, users and consumers) will be benefited as their relative power within the bank value system is likely to determine which relationships are cultivated most thoroughly. To achieve the surveyed bank goals, the firm will focus on the attraction, retention, and enhancement of customer relationships. This is because the primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. Finally, this study helps other researchers guiding as a source who will be conducting on similar topic.

1.6 Scope of the Study

The study sought to identify the effect of relationship marketing strategy to customer retention in the west district branches of Addis Ababa of Wegagen bank. It was aimed at investigating the effect of relationship marketing strategy to customer retention on this area and the scope of this study revolves around this industry. In terms of the constructs showing in the conceptual framework, only the independent variables such as customer satisfaction, trust, keeping promises, and mediating variable of commitment were considered to predict the effect towards dependent variable of customer retention in the bank industry. Moreover, the catchment area of the study was delimited only to West district branches of Wegagen Bank S.C. selected branches that are located in Addis Ababa due to time and financial constraints to include and manage all the Ethiopian banks.

The study will apply descriptive and explanatory survey design and in the course of studying both primary and secondary data were engaged. With regard to the secondary sources various publications, books, and journals articles regarding the subject matter were included. Population of the study was the customers of the surveyed bank or company. A well-adapted five point Likert scale questionnaire and interview checklist, and close ended questionnaires were effectively applied to gather data from sample respondents to achieve the research objectives.

1.7 Limitations of the Study

Various bottlenecks might be hindering the research's smooth flow. This required the researcher to show extra ordinary patience and commitment to accomplish the research. Data collection was challenging as customers of the bank did not have interest to fill the questionnaire and managers of the bank not easily accessible to give the response for the interview. The adverse role covid-19 pandemic and the associated consequences made customers to touch questionnaires. On other hand, the study samples were taken from the customers of west district selected branches of Wegagen bank in Addis Ababa in this research. The survey was not being collected in regional branches and stratified by various divisions (mobile banking, international banking etc) of the bank due to time and resources constraints. The study was challenging in proceeding effortlessly because empirical research in the effect of relationship marketing on customer retention area in Ethiopia is limited. But the study was employed and used other countries empirical research as reference.

1.8 Organization of the Study

Organization of the research report is splited in to five chapters. The first chapter includes introduction, statement of the problem, research question, and objective of the study, research hypothesis, and significance of the study, scope and delimitation of the study. The second chapter of the research paper deals review of literature which consists theoretical, empirical concepts and conceptual framework of the study. The third chapter of this study presents the research design and methodology. The fourth chapter contains data presentation, analysis, interpretation and hypothesis testing. The last chapter of the study finalizes the central point of the research. It features summery, conclusion and recommendations of the study.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter searches the basic aspect literature review on what other researchers have deliberated on relationship marketing and customer retention in the banking industry. This study included theoretical literature review/concepts with the review of literature related to relationship marketing and its impacts to customer retention that provide a good background to carry out the research work. It also contains empirical literature on customer retention in the banking industry and conceptual framework showing the independent, mediating and dependent variables. The chapter tops with the presentation of conceptual framework that assists as a road map towards realizing the objectives of the study.

2.2 Theoretical Literature Review

2.2.1 Concepts and Definitions

Relationship marketing considers effective and efficient ways that how a company can achieve permanent competitive advantages and ensure growth as well as survive in the long run (Mollah, 2014). It essentially represents a paradigm shift within marketing away from a transaction focus toward a relationship focus. Relationship marketing is a business concept, a strategic approach that focuses on retaining and improving existing clients rather than gaining new ones. This concept suggests that customers prefer to have a long-term connection with one organization rather than hopping from one supplier to another one in their quest for the best deal. Successful marketers are working on efficient customer retention tactics and the reality that it is usually considerably cheaper to keep a current customer than to attract a new one. It has been stated that businesses usually concentrate on attracting customers (the "first act") but pay little attention about how to keep them (the "second act") (Arokiasamy, 2013).

Relationship marketing was not important in early stage what has gained today, because environmental factor was so weak on that period than today’s. There were two ways to develop relationship marketing. Relationship marketing was first implemented in service marketing and afterwards in industrial marketing. The next process was that, when business is widely transformed in to general due to dynamic change in business environment. This environmental dynamism leads to emphasized on service, close communication with customer and customer well-being. The basic objective of marketing is to create customer and retaining them, but marketers have been given more emphasis on creating customer rather than retaining customers. Now the business environment is opposite than before which fallout in "Relationship Marketing" (Mollah, 2014).

Akintunde and Akaighe (2016) mentioned Gummesson (1999) who provided three principles that define the key values of relationship marketing. It included long-term collaboration for mutual value creation (win–win outcomes of a 'plus sum game' that emphasizes commitment for an extended duration, and care, over and above attraction); all parties recognized as active (either of the interacting parties can initiate innovation, etc. i.e., the relationship is co-managed); and relational and service values – bureaucratic–legal values are discarded in favour of treating customers as differing (within communities of affinity) exchangers of value (co-defined by them, in various forms).

Traditional marketing thinking is narrow-minded in favour of the benefits of competition, while excluding collaboration as an inhibiting force. Traditional marketing characterized the consumer as a passive and receptive object to be acted upon through market interventions that would influence their attitudes and, consequently, their behaviour through 'targeted communications'. The Relationship Marketing logic sights the Consumer as a highly active agent who acts productively on the basis of personal motivations in this break from the tradition. In this way, people can choose whether or not to engage in relationships, and this perspective brings partnership and negotiation to the fore in marketing thinking (Rootman, Tait & Sharp, 2011).

Traditional Marketing sights consumers as a passive and to be acted upon through market interventions to influence their attitudes and behaviors making use of 'targeted communications'. Relationship marketing, however, views consumers as active agents who act productively willingly. They are not forced to engage in relationships, and this view allows partnership and negotiation to be involved in marketing thinking. Traditional marketing focused on short-term performance and recruitment of customer for single sales and management of marketing mix while it gives long term performance and the priority with attention to transaction history and potential, for customer retention and marketing interaction (supported by marketing mix activities). Alrubaiee and Al-Nazer, (2010), noted that relationship marketing is all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges. An organization engaged in proactively creating, developing, and maintaining committed, interactive and profitable exchanges with selected customer (partners) over time is engaged in relationship marketing. They described that purpose of relationship marketing is to identify and establish, maintain and enhance relationships with customers and other stockholders, at a profit. The objectives of all parties involved in banks are met in a mutual exchange and fulfillment of promises and a relationship marketing competence as a firm's ability to identify, develop, and manage cooperative relationships with key customers characterized by trust and relationship commitment. According to Muketha, Thiane and Thuranira (2016), relationship marketing means building, developing and managing the long term relationships between banks and their customers. A successful relationship will be maintained when the bank offers quality services, and observes trust in the banking industry. Relationship marketing is a philosophy of doing business, of a strategic direction that focuses on keeping and improving existing customers rather than on acquiring new customers (Chakiso, 2015). Relationship marketing contains all marketing activities done to create, develop, and maintain long term and successful relationship with customers. In relationship marketing three goals should be considered: management of stating the relationship, keeping and enhancing the existing relationships, and investigating the time of ending this relationship. Compared to traditional marketing, in relationship marketing establishing a relationship with customers in order to gain long term and mutual benefit is more important (Niko, Askarinia, Khalafi & Joyami 2015).

2.2.2 The Theoretical Origins of Relationship Marketing

A range of bodies of theory is here briefly reviewed to provide some understanding of the foundations of relationship marketing.

2.2.2.1 Neo-classical Microeconomic Theory

The trade environment and controllable decision variables in the marketing mix are clearly distinguished by the marketing management tradition based on the idea of microeconomic maximizing. As a result, it's proved beneficial in explaining the distribution of value across marketing actors. This theory highlights profit maximization in competitive markets in explaining relative prices, market equilibrium, and income distribution. In price equilibrium marketplaces, exchange parties are price takers striving to maximize utility. This assumes well-defined and stable preference structures where individuals independently worry about creating value. Market transactions are considered as firms securing the resources they need to produce the goods and services they sell in the competitive marketplace. Such market transactions entail costs such as the price paid, negotiating and contracting costs, and supplier performance monitoring costs. Also, the assumption of rational behavior is often not realistic (Madan, Agarwal, and Matta, 2015). This theory is very helpful for this study as eonomists have generally viewed markets as social 'vacuums' in which buyers and sellers only know each other in their roles as dictated by the market (i.e. as no more than buyer and seller).

2.2.2.2 Transaction Cost Theory

It applies arguments from microeconomics and institutional economics, contract law, and organization theory. In the original transaction cost theory, transactions were classified according to whether they occurred within a firm or between the firms in a market. Further developments examined the transaction cost advantages of different forms of internally and externally organized transactions within the constraints of bounded rationality and opportunistic behavior. Axioms of this approach are that certain exchange characteristics give rise to transaction difficulties and that different governance mechanisms vary in their cost-minimizing properties (Mollah, 2014).

Human variables like bounded rationality and opportunism, as well as environmental ones like uncertainty and economically concentrated input and output markets, can make market transactions very costly. Transaction cost theory departs from the assumptions that individuals are limited in their cognitive capabilities and that they are inclined toward opportunistic and self-interest seeking behavior. As a result, when information is distributed unequally among exchange parties, opportunistic behavior is thought to prevail, and exchange may be commercially hazardous. Opportunism is generally centered on deceit. In order to reduce the risks of being exploited by each other, exchange partners can safeguard their interests by making substantial transaction specific investments that are uniquely related to the exchange relationship and that can't retrieve on termination. By communicating their level of commitment to the partnership, both partners create incentives to maintain, or obstacles to leave, the relationship they are in. Such investments in transaction-specific assets also create dependence relationships between exchange partners since they are difficult or costly to replace (Rootman, Tait & Sharp, 2011). Thus, this theory signifies this study as every market transaction involves transaction costs that lead to inefficiencies for those engaged in these exchanges. Costs of information gathering, establishing a satisfactory agreement, relationship monitoring, adapting agreements to unanticipated events, and contract enforcement are examples of transaction costs. In addition, the implications of the effect of trusting behavior on governance structures are generally ignored in transaction cost theory. The theory can't explain why idiosyncratic investments happen in non-vertically integrated relationships.

2.2.2.3 Relational Contracting Theory

This is primarily rooted in contract law that applies to the legal rights of exchange parties and guides the planning and conduct of exchange. Modern contract law seeks to deal with the dynamic character of intermediate and long-term exchanges, whereas classical contract law considers exchange as composed of single, isolated, and static transactions. Modern contract law explicitly refers to exchange planning and contract formation, adjustments to established contract relationships, and the resolution of contractual conflict. Relational contracting theory has provided a rich conceptual framework that is able to capture the dimensions and dynamics that underlie the nature of exchange relationships as well as the belief structures and activities that are necessary for successful exchange relationships. Chakiso (2015) mentioned MacNeil (1980) who distinguished intermediate types of exchange between discrete transactions and complete internalization of exchanges. Such intermediate forms of exchange are termed ‘contractual ways of exchange’ or ‘relational transactions’, where exchange parties are still independent but at the same time coupled by weak or strong contractual agreements. Extra-legal governance approaches are required because relying just on the legal mechanism can be costly in terms of both money and time as well as unforeseen occurrences can disrupt the trade relationship. So, the concept of contract has been defined very broadly as a relationship between exchange parties who expect to sustain this relationship into the future.

This theory signifies this study as contracts are about exchange because they capture the relations among parties and these relations project exchange into the future. MacNeil’s (1980) relational contracting framework describes types of contract in terms of the norms that are expectations about behaviour that are at least partially shared by a group of decision-makers. These differ in content and general orientation and may relate to particular kinds of behaviour. For example, while norms can be oriented toward a more discrete or a more relational nature (general orientation), relational norms may be translated into several different behaviours such as flexibility, mutuality, consistency, solidarity, and information exchange.

2.2.3 Relationship among Variables

Several empirical studies have delivered suggestions on the effect of relationship marketing on behavioral loyalty that affects customer retention. Trusted customer relationships have been found to increase profitability for a firm over time. Scholars on the field highlighted the importance of relationship marketing orientation yields a significant impact on the determination of the firms' performance. Successful relationship marketing efforts improve customer loyalty and firm performance through stronger relational bonds (Alrubaiee, Al-Nazer, 2010). Firms use relationship marketing as a strategic approach to gain a competitive edge. It is based on the theory that appreciation of the interdependence of market players, and mutual effort based on trust and commitment, would allow firms to remain competitive. In an ever expanding and rapidly changing environment, companies cannot maintain attitudes characterized by attracting customers or expanding in new markets. The key successful factor to survive in matured markets relies on sustaining long-term relationships with stockholders. Relationship marketing has been found to be successful at building trust and commitment with external stakeholders to create those loyal customer relationships (Alrubaiee, Al-Nazer, 2010). Dambush, (2016) writes about the final goal of customer relationship marketing is customer retention which is the key to survive in competitive market for any firm.

Ntabo, and Aunda, (2016) stated that customer relationship management consists of the principles, practices, and guidelines where an organization follows interactions with its customers. This comprehensive relationship includes not only the direct interaction aspect, such as sales and/or service-related processes, but also the forecasting and analysis of customer trends and behaviors, all of which serve to improve the customer's overall experience from the perspective of the organization. Customer retention is increasingly being identified as a crucial managerial issue, especially in the context of saturated market or lower growth of the number of new customers. Accordingly, it clarifies the view that instead of trying to acquire new customers, firms engulfed in customers retention efforts must make sure that if the existing customers are satisfied so as to create and maintain long term relationship (Ntabo, and Aunda, 2016).

Numerous companies recognize the significance of customer's retention but relatively few understand the economics of customer retention within their own firms. The small increase in customer retention produced a dramatic and positive effect on profitability (Ntabo, and Aunda, 2016). Rootman, Tait and Sharp, (2011) acmes that relationship marketing is a core strategy used by firms to establish, maintain and enhance profitable relationships with clients, while ensuring benefits for both the firm and its clients.

2.2.4 Dimensions of Relationship Marketing Strategy

2.2.4.1 Trust

Trust is defined as one party's trust that the other party's actions will fulfill its future needs. It has simple elements of relationship marketing and defined as a willingness to rely on an exchange partner in who has confidence. It helps to feel secured, lessen the uncertainty, make friendly environment. It increases dedication to maintain relationship and make the relation strengthen which ultimate result is success of relationship marketing (Chattananon, and Trimetsoontorn, 2009). They also defined it as a belief or conviction about the other party’s intentions within the relationship. In the context of relationship marketing, trust is defined as the aspect of a business relationship that affects how one party believes they can rely on the other's promise to be genuine. According to Chattananon and Trimetsoontorn (2009); Morgan and Hunt, (1994) trust identified as a key construct in modeling relationship marketing.

Trust is part of the mutual relationship between both parties (customer and company) where consumer has trust on company to meet demand or utility according to customer expectation and other party (company) defined trust means that customers are loyal to the company. So, trust is a component to secure relies on each other where company seeks to retain customer and customer seek to meet demand according to the expectation (Mollah, 2014). Trust is the “corner stone” for building and developing long term relationship with customers. It is also defined as the dimension of relationship marketing that determines the level in which each party feels it relies on the reliability of the promise offered by the other party. Both parties share information and efficiently cooperate to address difficulties in this relationship. Generally, trust is shown to have a positive influence on key relational outcomes of customer retention (Dambush, 2016).

According to Muketha, Thiane and Thuranira, (2016) trust refers to the confidence a customer has on the bank and its employees. The bank observes trust on bank products/ services, trust on bank transactions, trust on bank handling customers concern. Trust on loan information and trust on bank information confidentiality. In the literature on marketing channels, relationship marketing heavily relies on trust. Only if the partner is considered a trustworthy, he/she will be willing to invest in and become committed to the relationship (Venetics and Ghauri, 2004). They defined Trust as a firm's belief that another party will perform actions that will lead to positive outcomes for the firm, as well as not take unexpected actions that can lead to negative outcomes.

2.2.4.2 Customer Satisfaction

Gustafsson, Johnson and Roos (2005) stated that customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date. The overall satisfaction has a strong positive effect on customer loyalty intentions across a wide range of product and service categories and it also contains a significant affective component, which develops over time as a result of repeated use of a product or service. They also said that compared with more episode-based or transaction specific measures of performance, over all evaluations are more likely to impact the customer behaviors that help a firm, such as positive word of mouse and repurchase. Satisfaction defined as the emotional state that occurs as a result of customer's interactions with the firm over time (Verhoef, 2003). Satisfaction has been defined as a consumer's evaluative judgment related to the pleasurable level of consumption-related fulfillment (Wetzels, De Ruyter and Van Birgelen, 1998). Many company mission statements and marketing plans are designed around the goal of increasing customer satisfaction. Customer satisfaction can be defined as the extent to which products perceived performance in delivering value matches of buyer's expectations (Hong-kitYim, Anderson, and Swaminethan, 2004).

2.2.4.3 Commitment

The literature on relationship marketing is familiar with another possible antecedent of customer loyalty, which is relationship commitment. Based on literature of organizational behavior, commitment is defined in different ways like as an aspiration sustain a relationship, an undertaking of bond among parties, they give up or sacrifice if a relationship split, and with the lack of viable or attracting offerings. Due to these varieties of basis generate stickiness that stickiness sustains customers loyal to firm. Oly Ndubisi (2007) & Dambush, (2016) distinguished that commitment is a critical issue in building customer loyalty, in identifying customers' requirement, and the existence of flexibility in customer relationship is a key issue to improve the service. As previously stated, commitment is crucial in relationships. An exchange partner of relationship with another is so important in Commitment as to warrant maximum efforts at maintaining it (Venetis and Ghauri, 2004). They also distinguished that commitment is regarded as a central outcome variable in business relationships that ensures the strength, stability, durability, and even profitability of a relationship. A partner's relationship commitment is not built overnight and needs an ongoing process of the relationship. Relationship commitment is thus the crucial variable that determines the long-term retention of customer.

Gustafsson, *et al*, (2005) supposed that relationship commitment has two major dimensions, these are: calculative, continuance commitment and affective commitment. Calculative commitment is the colder or more rational, economic based depend on reason rely on benefits of product due to a lack of choice or switching costs and Affective commitment is hot concept, or more touching, emotional that builds up through reciprocity or personal involvement of customer with a firm, which lead towards high level of trust and commitment. In the context of services, relationship development and relationship maintenance (retention) both are affected by affective commitment. The customer's level of commitment to the service provider is directly and favorably linked to relationship benefits. Customers pay before receiving services in most service organizations, which is why open communication is crucial and leads to fewer difficulties and increase consumer expectations. Consequently, it encourages open communication among partners is significant for long lasting relationship and commitment (Husnain, and Akhtar, 2016). Affective commitment is ensured personal sharing, identifying with, or internalizing the values of the organization. Commitment is defined as a customer's long-term ongoing orientation toward a relationship grounded on both an emotional bond to the relationship (affective aspect) and on the conviction that remaining in the relationship will yield higher net benefits than terminating it (cognitive aspect). Commitment is recognized as an essential ingredient for successful long term relationships and they also defined as commitment is an ending desire to maintain a valued relationship (Chakiso, 2015).

According to Verhoef (2003) in a financial services context demonstrates an important conceptual difference between customer satisfaction and the commitment dimensions is that satisfaction is “ backward looking” whereas the commitment dimensions are more “forward looking”. Satisfaction has become a performance to date, whereas affective and calculative commitment captures the strength of the relationship and the resultant commitment to proceed forward. Commitment always has been important determinant of the strength of a marketing relationship, and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency or customer retention (Oly Ndubisi, 2007).

2.2.4.4 Keeping Promises

Bojei, Julian, Che Wel, and Ahmed, (2013) stated that the services marketing triangle shows the three interlinked groups that work together to develop, promote and deliver services. The company, the clients, and the suppliers are all labeled on the triangle's three points. A firm makes promises to its customers about what they can expect and how it will be delivered through its external marketing activities. Advertising, sales, special promotions, and pricing are all traditional marketing activities that help with this form of marketing. The second type of marketing activity reflected by the triangle is keeping promises, or interactive marketing, which is the most important from the customer's perspective. Employees of the firm or third-party providers are most typically the ones that keep or break service promises, most often in real time. A third form of marketing, internal marketing, takes place through the enabling of promises. In order for providers and service systems to deliver on the promises made, they must have the skills, abilities, tools, and motivation to deliver.

Verhoef (2003) briefed that external marketing efforts, a company makes promises to its customers regarding what they can expect and how it will be delivered. Advertising, sales, special promotions, and pricing are all traditional marketing activities that facilitate this type of marketing. But for services, other factors also communicate the promise to customers. Customer expectations are also communicated and created by the service employees, the facility's design and decor, and the service process itself. Additional forms of communicating service promises include service guarantees and two-way communication (particularly in situations where promises may be negotiated and expectations can be managed on an individual basis). Unless consistent and realistic promises are set via all of these external communication vehicles, a customer relationship will be off to a poor beginning. Further, if there is a tendency to over promise, the relationship may also be off to a weak beginning.

2.2.4.5 Customer Retention

The link between customer retention and profitability in a service situations has done much to promote the benefits of customer retention through relationship building. The position of a supplier in a value delivery sequence determines whether a client is the end user of a product or service. Many companies market to both trade customers (intermediaries, distributors, and retailers) and consumers (end purchasers, users, and consumers), but their relative strength within the value system is likely to determine which relationships are nurtured with the greatest diligently. For the manufacturers of consumer goods, the rising power of retailers has focused their attention on these relationships. Meanwhile retailers and distributors are pouring considerable effort into managing direct relationships with increasingly capricious consumers (Magasi, 2015). Based on Arokiasamy (2013), organization need to know how to maintain its customers, even if they appear to be satisfied. Behavioral intentions are very important to understand whether customers will remain or defect from a company and will be influenced by service quality dimensions. Customers are retained if customer service quality and satisfaction are enhanced.

Rootman, et al, (2011) stated customer retention as the longevity of a consumer's relationship with affirms. It is defined as holding and maintaining customers to maximize customer life time value by creating effective relationship with the firm. Customer retention can be seen as the mirror image of customer defection, where a high retention rate has the same significance as a low defection rate (Dambush, 2016). Furthermore, defection rates tend to be much higher for new customers than long tenure customers. This is to that high proportion of new customers could bring down the rate of retention and vice versa. Hidden defections occur when firms to recognize a slower growth in sales to a particular retained customer relative to the growth of the market (Arokiasamy, 2013). Customer retention entails a long-term commitment on both the customer's and the company's side to keep the relationship lasting. The development of the mutual commitment has the same process as creating long term buyer-seller relationships. Customer retention is realized and sustained making them to feel loyal, and committed to a particular bank measured via their repeat purchase behavior where their client to. Loyalty is used as a measure for customer retention as it is believed important to differentiate between the term loyalty and retention. This because loyal customers normally stay with the firm and make repeat purchase (retain), but customers who make a repeat purchase (retain) are not necessarily loyal to the firm (Venetis and Ghauri, 2004).

2.3 Empirical Review of Related Literatures

In the following section empirical review of related literature that are carried out by various researchers and academicians supposed to be relevant for the conceptual frame work as well as hypothesized statements of the study were presented.

2.3.1 Global Perspectives

Rootman, *et al.,* (2011)) conducted a study on relationship marketing and customer retention. In the investigation, insight has been given in to the relationship marketing and customer retention strategies and its contribution. More specifically, the article provided insight in to the extent to which selected independent variables (relating to banks' activities, actions and methods) influence banks' relationship marketing and customer retention, and in to practical strategies that can be learned from successful international Banks. As banks are important contributors to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. Banks therefore need to familiarize themselves with service delivery activities and methods should constantly adjust to improve their relationship marketing efforts and customer retention levels. It empirically established relationship marketing variables of trust, commitment, have a positive influence on the customer retention.

The influence of customer trust and commitment on long-term relationship, pronounced that successful relationship marketing requires relationship commitment and trust. Besides, one study attempted to identify commitment and trust is critical to the study and management of relationship marketing and trust is a significant positive impact on the commitment, determined based on the analysis. User commitment to the research relationship was highly influenced by marketing research consumers' trust in their research providers. Satisfaction and affective commitment is significant and positive predictor on customer retention (Gustafsson, Johnson and Roos, 2005).

Magasi (2015) examined empirically the potential constructs in customers' retention in the banking industry found that consumers can be highly satisfied but still leave their service providers. It is found that there is a positive relationship between customer's commitment and relationship value or customer retention. It concluded that a long term customer organization relationship is crucial in creating longer-term customer retention. Thus, without good relationship among banks and their customers, customer retention cannot longer be ensured and if any that cannot be longer. He recognizes that relationships marketing dimensions and then planning strategies and strengthen these dimensions are important requirements for customer retention. Dambush, (2016) conducted research on the role of relationship marketing on customer retention and concluded that marketing relationship strategy like commitment are positively and significantly correlated with the dependent variable (customer retention). Bojei, *et al,* (2013) reported that support the hypothesized relationships to a large extent with rewards program having strong and a significant impact on customer retention. They analyzed to determine the relationship between the relationship marketing strategies like rewards program with customer retention. The result also show that this relationship marketing (rewarding) have significant influence on customer retention. Furthermore, the main role of all RMS, especially the loyalty/ rewards program is to retain customers who are already showing loyalty to the store. By signing as a loyalty or reward program member, customers actually show their commitment to a relationship with the merchant usually for something tangible in return, in customer loyalty bonuses, free gifts, personalized cents-off coupons or some sort of financial reward. The reward is given as an incentive to encourage customer loyalty towards a certain service and product. The participant of a loyalty program normally makes a higher number of visits to the company than do non-participants, there-by benefiting both the customer and the store. The significant effect of tangible rewards is because financial rewards are one of the most important factors used by customer in selecting a loyalty program.

According to Gustafsson, Johnson and Roos, (2005) finding customer satisfaction and affective commitment are highly correlated latent variable and customer satisfaction and relationship marketing literature suggests three predictors of retention: overall customer satisfaction, affective commitment and calculative commitment and with their finding customer satisfaction has a consistent positive effect on customer retention. Verhoef (2003) finding states that commitment and loyalty program has a significant and positive effect on customer retention but satisfaction or payment equity found that no effect for customer retention. However, it confirms previous claims in the relationship marketing literature that commitment is a significant variable in customer relationships (Morgan and Hunt, 1994), more precisely; it affects both relationship maintenance and relationship development. Haumann, et al.,, (2014) reported that loyalty programs have a strong, positive effect on customer retention. These results show that the significant variables are remarkably consistent across the two models (i.e., affective commitment and loyalty programs are significant predictors of both customer retention). Akintunde and Akaighe, (2016) finding study concluded that customer's relationship management/strategy has a significant relationship with customer retention. Customer relationship marketing strategy is imperative in the banking industry so as to retain customers for better capital adequacy, earnings, profitability and liquidity because it is the customers of the banks that provide depositors funds in which banks use for banking business aside from the shareholders equity and borrowing.

2.3.2 Findings from Ethiopia

Desnet (2019) aimed to determine the effect of relationship marketing strategy (RMS) on customer retention (CR) with the mediating role of commitment in Addis Ababa. Both descriptive and explanatory research design was used to investigate and determine the effect of relationship marketing strategy on customer retention. A cross sectional data was collected using representativeness of the sample respondents by using convenience sampling technique there by 350 out of 383 survey questionnaires was collected from the sample respondents. This study was a quantitative study and to analyze the collected data both descriptive statistics including percentage and frequency to analysis the background information of the respondents of the questionnaire and inferential statistics of multiple linear regression is used. The finding on the base of correlation analysis of the relationship between RMS and CR is analyzed and the result shows all RMS dimensions have positive and significant relation with CR. The finding of the study also shows that the predicting variables such as customer satisfaction, reward program and mediating variable (commitment) have positively and significantly impact on customer retention; trust has also positive and significant impact on commitment and commitment had significant impact on customer retention. Consequently, commitment has a mediation role between customer satisfaction and customer retention and commitment have also a mediation role between trust and customer retention.

2.4 Conceptual Framework of the Study

Based on the above theoretical literatures and empirical review, the conceptual framework model were developed to show how the series of independent variables (Customer satisfaction, trust, commitment and keeping promises) with the dependent variable (customer retention). Along term customer marketing relationship strategy is very important to create longer term customer retention. The researcher proposed the model in the figure to predict how the antecedents of customer relationship marketing influence the overall effect on customer retention.

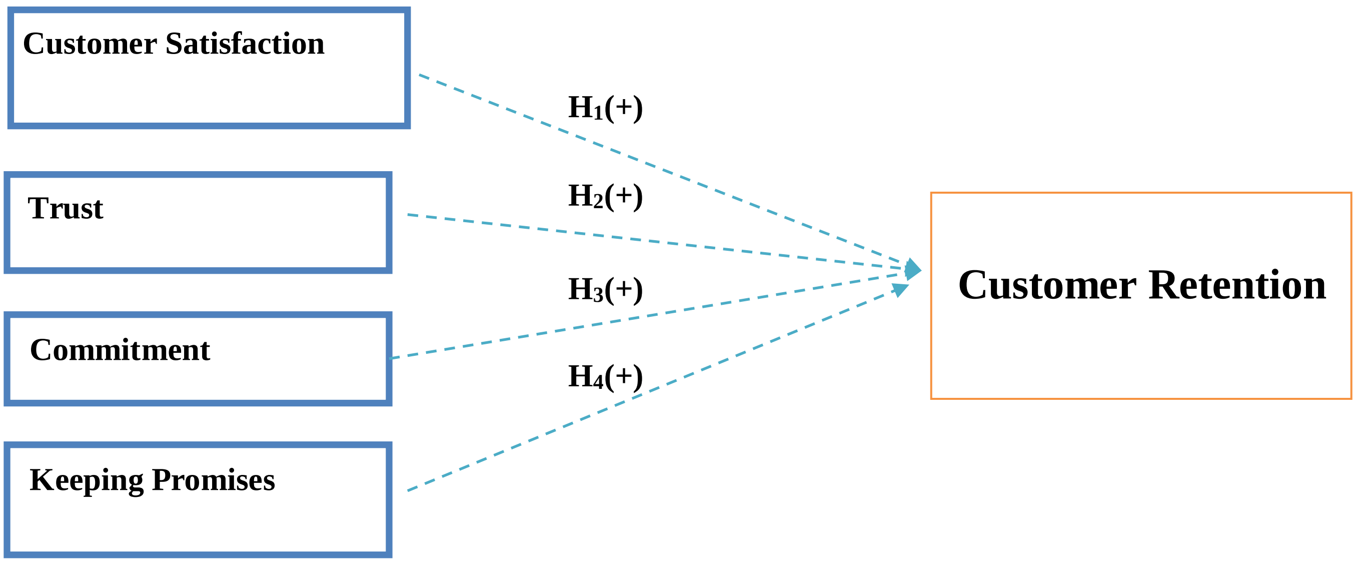


Figure 1 Conceptual framework

Adapted from Magasi (2015)

The model is based on the concept of customer satisfaction, trust, commitment and keeping promises and customer retention. Promises made must be kept. Keeping promises, or interactive marketing, is the second type of marketing activity captured by the triangle and is the most critical from the customer's point of view. Service promises are most often kept or broken by the employees of the firm or by third-party providers, most often in real time. Sometimes service promises are even delivered through technology. Interactive marketing occurs in the moment of truth when the customer interacts with the organization and the service is produced and consumed. Interestingly, Promises are kept or broken and the reliability of service is tested every time the customer interacts with the organization (Desnet, 2019). On the other hand, internal marketing, takes place through the enabling of promises. In order for providers and service systems to deliver on the promises made, they must have the skills, abilities, tools, and motivation to deliver. In other words, they must be enabled. This essential service marketing activity has become known as internal marketing. Promises are easy to make, but unless providers are recruited, trained, provided with tools and appropriate internal systems, and rewarded for good service, the promises may not be kept. Internal marketing also hinges on the assumption that employee satisfaction and customer satisfactions are inextricable linked. Both parties in the customer/ firm relationship can benefit from customer retention. That is, it is not only in the best interest of the organization to build and maintain a loyal customer base, but customers themselves also benefit from long-term associations (Siddiqi, Khan & Sharna, 2018).

The basic tenet of the service profit chain model is that there are critical linkages among internal service quality; employee satisfaction/productivity; the value of services provided to the customer; and ultimately customer satisfaction, retention, and profits.Through their research with customers and employees Benjamin Schneider and David Bowen have shown that both a climate for service and a climate for employee well-being are highly correlated with overall customer's perception of service quality. It is also found that customer satisfaction to be strongly related to employee turnover. Ultimately there is connection between employee retention levels, poorer quality service, and negative customer reactions.

2.5 Research Hypotheses

2.5.1 Customer Satisfaction

Overall satisfaction is an overall evaluation based on the total purchase and consumption experience with a good or service overtime. It can be distinguished from transaction-specific customer satisfaction, which is an immediate post purchase evaluative judgment or an affective reaction to the most recent transactional experience with the firm. Therefore, satisfied customers highly valued the offered services (Arokiasamy, 2013). Consequently, they will be more inclined to behave in a way that is beneficial to the company. Hence, a number of empirical studies support this finding by reporting positive effects of satisfaction on customer referrals, purchase intentions, usage of a service, and relationship duration.

- **H_1: Customer Satisfaction has positive significant effect on customer retention towards banking sector.**

2.5.2 Trust

In the banking context, trust is defined as customer confidence in quality and reliability of the services offered by the organization. It becomes the moral values that are established to enhance their business relationship between banks and customers. Trust is also considered as a key element in establishing long term relationships with customers and in maintaining a company's market share (Rizan, Warokka and Listyawati, 2014). Morgan and Hunt (1994) define trust as the perception of "confidence in the exchange partner's reliability and integrity."

Trust has been considered as an integral factor in encouraging a customer to establish long term relationship with service provider (Siddiqi, Khan & Sharna, 2018). Akintunde and Akaighe (2016) underscores that trust is a vital element and a reason for parties to engage in business exchanges which is observed as a key part of business relationships. This could be identified as a strong element in building and sustaining relationship with customers.

- **H_2: Trust has positive significant effect on customer retention towards banking sector.**

2.5.3 Commitment

Commitment is a significant element for building a successful long-term relationship and defined as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it”. It is hard to maintain relationship without commitment; customer satisfaction influences the customer commitment and enhances customer loyalty (Magasi, 2015). Venetis and Ghauri (2004) stated that relationship commitment is thus the crucial variable that determines the long-term retention of customers. And also relationship commitment reflects different aspects of the commitment concept. Some stress its behavioral dimension, an explicit or implicit intention to continue the relationship, whereas others refer to Attitudes, for example, a desire for a stable relationship, a willingness to make short-term sacrifices in order to maintain a relationship and belief in relationship stability.

H_3: Commitment has positive significant effect on customer retention towards banking sector.

2.5.4 Keeping Promises

External marketing is just the beginning for services marketers: Promises made must be kept. The second type of marketing activity reflected by the triangle is keeping promises, often known as interactive marketing, and it is the most important from the customer's perspective. Employees of the firm or third-party providers are most often the ones that keep or break service promises, most often in real time. Sometimes service promises are even delivered through technology. When a customer engages with an organization and a service is provided and consumed, interactive marketing occurs. Interestingly, Promises are kept or broken and the reliability of service is tested every time the customer interacts with the organization (Doaei, Rezaei, Khajei, (2011).

- **H_4: Keeping promises has positive significant effect on customer retention towards banking sector.**

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

In order to achieve the objective stated in the first chapter this chapter covers research design and employed different method. Specially the study area, the research design, research approach, the target population, sample size and sampling technique used, measurements of variables, sources of data, the statistical technique used in analyzing the collected data that would be presented, and data collection instruments and ethical considerations that follows in collecting data are the study area of this chapter.

3.2 Description of the Study Area

3.2.1 Study Site Selection

The study of this paper was in Addis Ababa; Ethiopia's sprawling capital which is the country's money-making and international and local commercial hub. Addis Ababa Bole International Airport, which completed a new terminal in 2003, is the city's primary airport. Small craft and military planes and helicopters use the old Lideta Airport in the western part of the Old Airport neighborhood. Addis Ababa had had a railway link to Djibouti City, complete with a picturesque French-style train station, but this line has been abandoned. The new Addis Ababa-Djibouti Railway started operation in September 2016, running parallel to the route of the original railway line. On September 20, 2015, Addis Ababa's light rail system opened to the public. The system is the first of its kind in sub-Saharan Africa (Addis Ababa City Adminstration, 2021).

3.2.2 The Study Area

The study area is Wegagen Bank S.C. The bank was established on June 11, 1997. The bank came in to being with 16 founding members who recognized the critical role that financial institutions would play to create a sustainable economic development and raised an initial capital of birr 30 million (company annual report, 2018). The Bank has a network of 395 branches of which 143 are in Addis Ababa and the remaining 252 are located in other cities and towns of the country. The bank has currently 1,545,857 numbers of customers in Ethiopian of which 590,317 numbers of customers are found in Addis Ababa and the number of customers in west district Addis Ababa is currently 112,602(Management information system departments as of January, 2020).

3.3 Research Approach

Research can be approached as qualitative and quantitative or mixed when approach to research has been considered as the criterion of classification. Qualitative research is more subjective than quantitative research since it examines and reflects on the intangible aspects of a research topic, e.g. values, attitudes, perceptions. Whereas, the emphasis of quantitative research is on collecting and analyzing numerical data; it concentrates on measuring the scale, range, frequency etc. of phenomena (Marczyk and Festinger, 2005). In addition, mixed method integrates quantitative and qualitative data collection and analysis in a single study or a program of enquiry (Creswell, 2009). On other hand, Kothari (2004) stated that there are two basic approaches in this study is both quantitative and qualitative approach. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. This study employed more of quantitative case study method to answer the research questions and used some qualitative information to know the current conditions of Wegagen bank S.C with regard to relationship marketing strategy and customer retention. The quantitative approach applied to identify the impact of relationship marketing on customer retention. Some qualitative information was gathered from the organization by using semi-structured interview.

3.4 Research Design

The research design can be categorized using a variety of ways, such as the methods of data collection, time dimension, researcher participation and the purpose of the study. There are three types of research design based on the study's purpose: exploratory, descriptive and causal (Creswell, 2009). The exploratory study provides more insight and ideas to discover the real nature of the issue under investigation. Descriptive study stems from prior knowledge and is concerned with describing specific phenomena; it is a means to an end rather than an end, since it encourages future explanation.

Therefore, the research design used in this study is both descriptive and explanatory type of research design to investigate and determine the effect of relationship marketing on customer retention as shown in the conceptual framework. Causal or explanatory research explains causal relationships between independent variables such as trust, keeping promises, customer satisfaction and commitment and dependent variable (customer retention). Because the research was conducted to test the effect of relationship marketing on customer retention and explain the relationships between the studies constructs in banking industry. The study explained causal relationships between satisfaction, commitment keeping promises and marketing on customer retention to facilitate generalization and to predict the future. Descriptive research design was used to describe the current condition of Wegagen bank with regard to relation marketing and customer relation. The explanatory research design was used to explain the cause and effect relationship between variables. The study employed cross sectional study design because the data was collected at one point of time.

3.5 Sources of Data

The study used mainly primary data sources through appropriate structured questionnaire from the respondents/customer of the selected bank branches. Detail information on customer demographic characteristics, trust, commitment, Customer Satisfaction, reward/Loyalty program and customer retention data was collected by questionnaire. In order to support the questionnaire survey, primary data was also being obtained through interview with branch customer managers of each selected branches. Secondary sources of data was gathered from different books, journals, websites, empirical evidences and documents related with relationship marketing strategy and customer retention to supplement the finding of primary data.

3.6 Target Population, Sample Size and Sampling Technique

3.6.1 Target Population

The target population of this study was customers of Addis Ababa branch under west Addis Ababa district of Wegagen bank S.C. Wegagen bank currently it has 395 branches and 1,545,857 customers in Ethiopia. And 143 branches, 590,317 customers exists in Addis Ababa of which 50 branches and 112,602 customers are in west district branches of Addis Ababa (Wegagen Bank, 2020). Begin with this the target population for the study were the customers, those who are in west Addis Ababa district branches who are registered until January, 2020 and their total number that found 112,602 customers who are listed in 50 branches located in west district Addis Ababa city and selected branch of the bank. Wegagen bank was purposely chosen among different banks and this district be selected from others districts using convenient sampling expecting that the researcher would get the necessary data in this district and also due to its cost and time constraints.

3.6.2 Sample Size and Sampling Techniques

In west Addis Ababa branches of Wegagen bank there are about 112,602 total customers as at January, 2020 (management information systems of Wegagen bank). The sample size is determined based on the following simplified formula proposed by (Kothari, 2004). The formula to find out the sample size (n) of infinite population is given as below (Kothari, 2004)

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

Where n is the sample size, N is the population size, and e is the level of precision

$$n = (30850/ (1+ ((30850* .05*.05)$$

$$= 394$$

Sample Size for ±10% Precision Levels where Confidence Level is 95% and P=0.05. Therefore, the sample size of the study was 394.

The researcher prepared and distributed a total of 394 questionnaires to collect the primary necessary data from customers of the selected branches according to the proportionality sample in the study.

The sampling designs are basically of two types these are non-probability sampling and probability sampling (Kothari, 2004).

Table 1 Proportionate sample by branch customers

Tier	Number of branches	Name of branch	Customers	Proportionate sample size (394/30850)	Sample size
Tier-I	2	Merkato	9,850	0.012771475	126
		Addis Ketema	8,750	0.012771475	112
Tier-II	*2*	Ayer Tena	7,750	0.012771475	99
		Kolfe	4,500	0.012771475	57
Total			30850	30,850	394

Source: Wegagen Bank, 2021.

Accordingly, a total of 394 sample customers were selected. In order to determine respondent of the questionnaire, the researcher classified the customers based on the organization criteria of highest operational activities of branches. These are: (transactional volume, number of years in operation and number of accounts and deposition) used to classify the branches as tiers because most retained customers exist on these categories of branches. So, the researcher stratified based on the bank categories of each branches to select the most retained customer of branches for the purpose of determining fact and good information on the relationship marketing strategy of Wegagen bank based on the questionnaire. Wegagen bank classify the branches as tier-I, tier-II and tier-III where tier-I refers the highest grade and tier-III refers the lowest grade. But for the purpose of the study the researcher selected only tier-I and tier-II branches because these tiers are high number of years in operation and high number of retained customer accounts and deposits than tier-III. From the total sample population the number of respondents to be included from each selected tier-I and tier-II were Decided based on proportion of customers found at each tier branches is calculated from each branch of selected tiers. Finally to get the decided number of sample customers the researcher used the selected respondents from each branch to be asked to fill the questionnaire using convenience sampling method.

The researcher employed non-probability sampling technique of judgmental sampling because for the interview, personal choice is more important than selecting statistically because most of the managers are busy in their work. Thus, it included fifteen marketing experts and customer service managers of the selected branches of Wegagen bank S.C, for the interviews.

3.7 Data Collection Instruments

The study used both primary and secondary data as its source of information. Primary data was gathered based on structured questionnaire and semi-structured interview. The secondary data were collected using reviewing books, previous research works, articles and related journals. The questionnaires were prepared according to the 5 point Likert scale items for respondents because it is helpful to choose one option from the given scaling that best align with their views. In addition to this, the semi-structured interview was conducted with the selected branches of customer service managers in order to give opportunities to express their feeling, intention and perception related to the customer relationship marketing practice in Wegagen bank S.C.

3.8 Validity and Reliability

3.8.1 Validity

According to Kothari (2004), validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. The degree to which differences identified using a measuring instrument reflect genuine differences among those being examined is referred to as validity. The content validity of this research study is the extent to which a measuring instrument provides adequate coverage of the topic under my study and the instruments contain a representative sample of the universe. Accordingly, all items applied to measure constructs were adopted from validated sources from literature. Data was collected from the most retained customers of the bank to determine the valid information. Data were initially cleaned for potential non-response, invalid answers, or any incomplete questionnaires.

3.8.2 Pilot Test

A pilot survey was conducted on minimum of 12 respondents prior to administrating the questionnaire to the selected sample size. The pilot survey is undertaken to check if the questionnaire is easily understandable and straightforward to ensure that the respondents can answer the questions without difficulty.

3.8.3 Reliability

A crucial test of sound measurement is the reliability test. When a measuring instrument produces consistent results, it is considered to be reliable. The quality of reliability is satisfied by an instrument adopted from validated sources from literature. Internal consistency is the Cronbach's alpha, and also frequently referred to as the alpha coefficient of reliability. The Cronbach's alpha provides a coefficient of inter-item correlations, that is, the correlation of each item with the sum of all the other relevant items, and is useful for multi-item scales. Cronbach's Alpha is used in this study to measure the items' internal consistency. According to Hair, Black, Babin and Anderson, (2010) the general consistency of the entire scale agreed upon lower limit for Cronbach's alpha is 0.70 **see table 3.3.**

Table 2 Cronbach's alpha value result

Reliability Statistics

Variables	Cronbach's Alpha	N of Items
Customer Satisfaction	.851	8
Trust	.934	6
Commitment	.800	5
Keeping Promises	.807	6
Customer Retention	.877	7
Overall	.907	32

Source: Study Result, 2021

Based on the idea proposed by Hair, *et al.,* (2010) the higher the Cronbach's alpha value, the higher the internal consistency is and based on their suggestion proposed if the value Cronbach's alpha was higher than 0.70, then it showed that the reliability of measurement was high. All items applied to measure constructs were adopted from validated sources which have an acceptable internal consistency. The table above shows that the value of the Cronbach's alpha of the study to measure constructs scored above .75. This specifies the items in scale used in this study were good and acceptable internal consistency. Also, the result of Cronbach's alpha value for the whole variables used in this study was 0.907 which is considered as good and acceptable consistency; indication of the reliability of the data collection tool.

3.9 Data Analysis

Data processing and analysis an important part of the whole survey operation. Descriptive and inferential statistics of correlation and multiple linear regression analysis were used to analysis the empirical data. Regression analysis used to know by how much the independent variable (trust, customer satisfaction, reward program) and mediating variable of commitment explains or influences the dependent variable which is customer retention. Correlation analysis also conducted to measure the strength of the association between relationship marketing dimensions and customer retention. Also, descriptive analysis was used for demographic factors including gender and age.

To analyze the effect of relationship marketing strategy on customer retention and test the proposed hypothesis, the researcher used multiple linear regressions. In multiple linear regressions, the study used any number of independent variables to predict the dependent variable (Kothari, 2004). To test the direct effect of relation marketing on customer retention, the researcher used the multiple linear regressions. The reasons behind choosing multiple linear regression for the study was the data collection tool had been prepared in the form of likert scale where a series of minimum four or more mutually inclusive Likert items that are combined into a single composite score/variable and should be analyzed at the interval measurement scale (Mittal & Carly, 2010). Education, Occupation and for how many times the customers are using the bank services. Qualitative analysis was done on the results of semi-structured interview questions. Tools like tables and percentage are used. The SPSS Version 23 software was used to conduct the data analysis.

Model Specification

To identify the relationship between relationship marketing and customer retention, multiple linear regression model was estimated using customer retention as the dependent variable and relationship marketing (trust, customer satisfaction, promise and commitmet) as the independent variables. The model is stated as follows:

$$\mathbf{Yi = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + .. + \beta_n X_{ni} + \varepsilon_i}$$

Where: Yi is dependent variable for i^{th} observation; X_i is independent variable for i^{th} observation; β_0 is the intercept; β_n are regression coefficients ε_i is the error term for i^{th} observation

3.10 Ethical Consideration

This study similar to other educational researches stands by ethical issues, moral conducts and service confidentiality to the dairy's data and for the privacy of respondents. The questionnaire was considered out in such a way those respondents were not required to write the names and reveal their personal information on the questionnaire and the privacy of data being collected is fingered with due care and used for academic purpose only. Every person involved in the study was enabled to the right of privacy and dignity of treatment, and no personal harm was caused to subjects in the research. Information acquired was held in strict confidentiality by the researcher. All assistance, collaborations, and information sources were gratefully acknowledged.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1. Introduction

The objective of this study was to determine the effect of relationship marketing strategy on customer retention in the West district branches of Wegagen bank Share Company. To achieve these objective this study considers direct effect of customer satisfaction, reward program and indirect effect of customer satisfaction and trust on customer retention and the mediating effect of commitment towards the customer retention. This part of the study presents the data presentation, analysis and discussion part which covers research analysis techniques and demographic profile of respondents.

4.2. Response Rate

Table 3 Response Rate

	Customers	**Returned**	**Response rate**
Merkato	126	90	71%
Addis Ketema	112	85	76%
Ayer Tena	99	75	76%
Kolfe	57	51	89%
Total	**394**	**301**	**76 %**

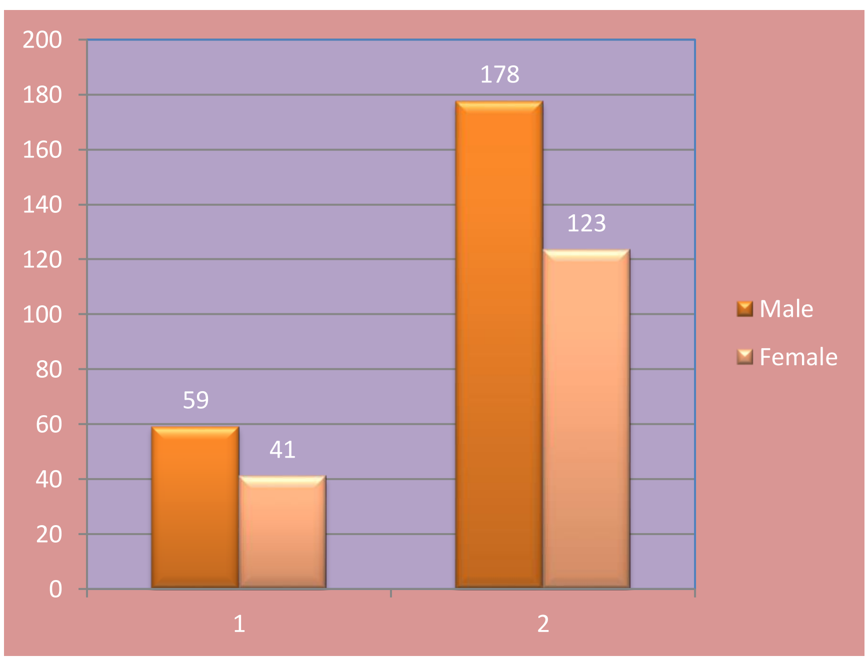
Source: Study Result, 2021

Based on the sample size determined in the study total of 394 functional questionnaires were distributed to the sample respondents and a total of sampled questionnaire 301 useable questionnaires were obtained valid and used for analysis. The study attended 76 % of responses rate. Twenty-four percent (24%) of the questionnaires were unreturned. A response rate of 50% is satisfactory for a study, 60% is good and 70% and above is excellent (Husnain, and Akhtar, 2016). The response rate is considered a high response rate. High response rate is necessary in research as it helps in validating the research findings. Besides, from the fifteen interview sessions that were anticipated to expert respondents, 10 interviewees representing 67 % were conducted effectively.

4.3. Demographic Profile of Respondents

This section covers profile of sampled respondents' profile that was collected from questionnaire. The demographic information of the respondents is presented and analyses as per their age, gender, highest educational level of the respondent, years serve as a customer with the bank, and occupation. It is anticipated it helps to see the demographic composition of respondents in the study area. This aspect of the data analysis deals with the analysis personal information about the respondents. For that reason, analysis and interpretation as the data obtained from the respondents are presented and discussed as follows:

4.3.1 Gender Demographic Information

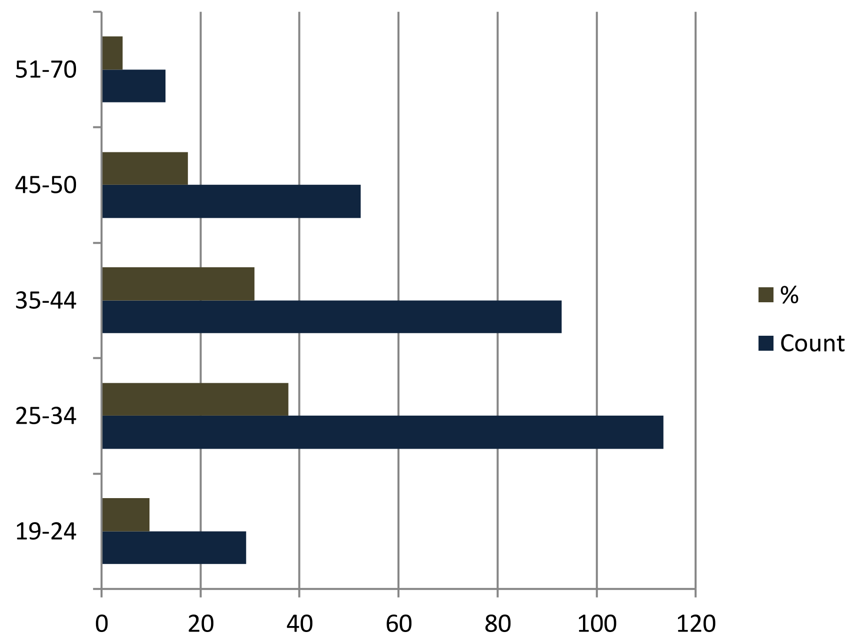


Source: Study Result, 2021

Figure 2 Gender Demographic Information

According to the survey engaged in, the gender distribution is comparatively balanced with highly leaning to male 59 % and the rest 41 % are Female. This shows that the male gender could be dominating in getting or using banking services. Consequently, the percentages specify an increase in the number of men engaging in accessibility of banking services. This could be accredited to further availed support to women through various activities hence empowering more women to engage in business, employee and others activities.

4.3.2 Age Demographic Information

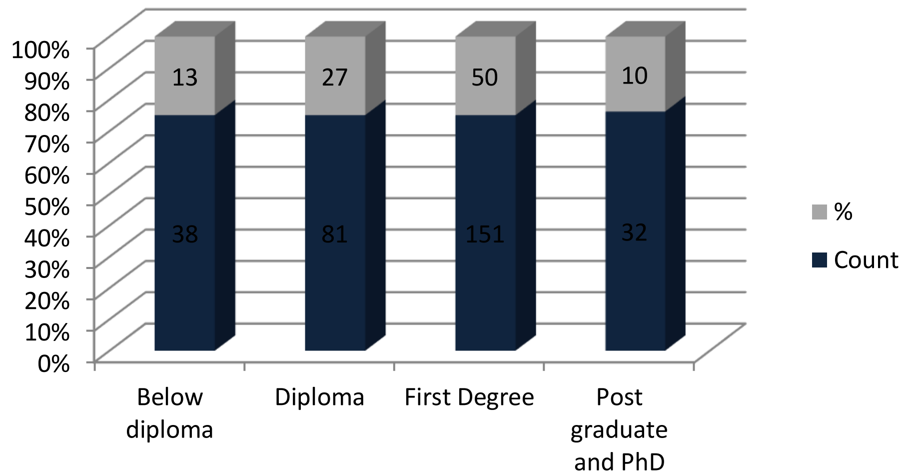


Source: Study Result, 2021

Figure 3 Age Composition of Respondents

The study displays that 37.7% of the respondents are the age of 25-34 years old, followed by the respondent at the age between 35 – 44, 45-50, and 19-24 years old with 30.9%, 17.4% and 34(9.7%) respectively. Lowest percentage of the respondents, specifically 4.3% of the total respondents, belongs to the age group of 51-70 years old. It shows that young aged individuals have been included in banking services and opportunities and it helped to know the banking system specially these customers may engaged in modern banking services. The study findings similar to a study conducted in Denset (2019).

4.3.3 Education Level

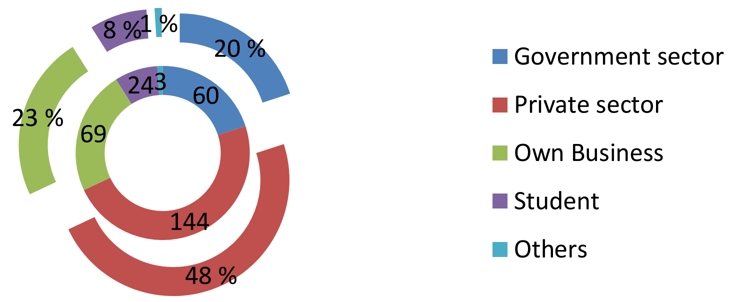


Source: Study Result, 2021

Figure 4 Education Level of Respondents

With respect to educational level 50% of the survey respondents were first degree, 27 % are diploma, and 10.3% of the total respondents of the study were post graduate including PhD. The particularly higher number of college and university graduates (more than 87%) engaging in banking activities can be supported by the modern money transaction instead of keeping in home. It is also helps to improve the modern banking sector in the country. Regarding economic efforts of the government, banking simplification and awareness scheme that is designed for graduates of individuals may be helpful to expand the banking sector profoundly. From the majority of the interview responses, this study can conclude that employees' with post-secondary education are more aggressive adapting banking services and associated technologies easily compared to those with post-secondary education. This study finding is successful to harmonize with the study of Alrubaiee and Al-Nazer (2010), who indicated that modern banking activities nad services tax proactively facilitate money transactions, and customers involvement by simplifying processes, providing information, education, and support to customers, and directing their limited monitoring and enforcement resources to the areas of greatest risk to money transactions.

4.3.4 Occupation of Respondents

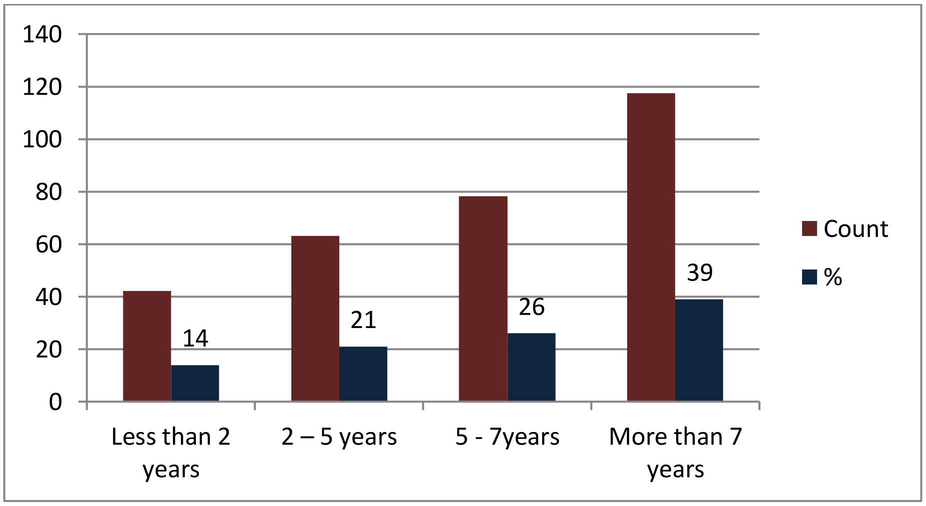


Source: Study Result, 2021

Figure 5 Occupation of Respondents

In the case of occupational status of the respondents, the survey table shows that 48 % of the respondents are working in private sector, 23 % are having their own business, 20 % are working in government sector, only 8 % indicated that they are students and others responses occupied 1 %. This shows that the majority of this bank customers were engaged in private sector; it also displays the bank has well-intended customer profile that related to its business orientation.

4.3.5 Working Years with The Bank



Source: Study Result, 2021

Figure 6 Respondents Profile as working with the bank

As shown in figure above, out of sampled respondents the largest group of respondents which contains 39 % of the respondents have used more than 7 years of the banks services as customer of the bank. The next largest group of the respondents which is 26 % of the respondents has used the bank services for 5- 7 years long. While the rest group 35 % of them served in less than five years as a customer of the bank and smaller groups of the respondents. The study tried to represent the customer respondents, however is concerted on highest years of services used as a customer of the bank to determine fact and good information about the bank relationship marketing strategies used to serve their customer which is 5 % of the respondents are more than five years. Overall, majority of respondents of customer of the bank are more than five years having a customer with the bank, at the age of between 25 and 34, male, holder of a first degree, and they are working in private sectors.

4.4. Descriptive Analysis

The response analysis was conducted by mean and standard deviation. They were used to present the various characteristics for data sets. In this study, descriptive statistics helps to enables us to present the data in a more expressive way, which permits simpler understanding of the data. Hettiarachchy & Samarasinghe (2016) who studied on influence of relationship marketing on customer retention in Banking Industry was taken as a benchmark mean scores rating. They studied on similar area and used mean scores as 4.51-5.00 excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor.

Table 4 Respondents' Responses

Dimensions	At least agree in % (count)	Mean			Variance	Sd
		Grand	Min Items	Max Items		
Customer Satisfaction	72.0 %	3.85	3.48	4.12	0.0688	1.039
Trust	54.1 %	3.37	3.13	3.58	0.0338	1.141
Commitment	76.4 %	3.98	3.82	4.14	0.0170	1.003
Keeping Promises	79.8 %	4..10	3.81	4.28	0.0552	.921
Customer Retention	79.4 %	3.99	3.82	4.25	0.0312	1.189

Survey result, 2021

4.4.1 Customer Satisfaction

The above table shows that the mean rages from 3.48 to 4.12 having widespread range and 3.85 with less variability data. Accordingly, grand mean were rated as agree or good. More than 72 % of the respondents have at least agree indicating that the sampled customer respondents are satisfied by this bank services, marketing programs and relation marketing attempts. The lowest mean was 3.48 that indicated the service provided by this bank moderately fits their expectation. The highest mean (4.12) stated that the bank has convenience banking infrastructure. In addition, surveyed customers are satisfied with the personal consideration of the Bank and they are pleased with the responding by the Bank to claims. Moreover, the majority of the interview responses indicated that this bank is very watchful and vigilant for customers' needs. It can be illustrious from transaction-specific customer satisfaction, which is an instant post purchase evaluative judgment or an affective reaction to the greatest current transactional experience with the firm. Hence, Verhoef, et al., (2002) stated that fulfilled customers exceedingly valued the offered financial services. As a result, they will be more disposed to behave in a way that is beneficial to the organization.

4.4.2 Trust

The table above demonstrates that the mean rages from 3.13 to 3.58 having limited range and 3.37 with less variability data. Consequently, grand mean were rated as moderately agree or good. The standard deviations are below 1 and it shows its variability is less. This grand mean was found by an average mean result of six dimensions. Accordingly, only 54.1 % of the respondents have at least agreed indicating that they do trust this bank. It was also checked with interviewees as they established most customer did not trust private banks due to fear of financial crisis. This is because most of customers are not genuine customers. That is why the lowest mean (3.13) scored to indicate sampled customer do not have confidence on this bank financial capability. The two highest means (3.58 and 3.56) indicated that they can count on the bank to provide a good service and rely on this bank services. This shows that this bank services can be considered as quality. Trust is assumed due attention in relationship marketing in the marketing channel literature. Only if the partner is reflected a reliable, he/she will be willing to invest in and become committed to the relationship (Venetics and Ghauri, 2004). It is evidently proven in this study that trust exists when one party has confidence in the reliability and integrity of the exchange partner.

4.4.3 Commitment

From the above table, it is understood that shows that the mean rages from 3.82 to 4.14 with 3.98 grand mean found. It was rated as agree or good and the standard deviations are below 1 and it shows its variability is less. This grand mean was established to an average mean result of five dimensions. Accordingly, 76.4 % of the respondents agreed that they are committed towards this bank services. The lowest mean (3.82) showed that customers care about the long-term success of the bank. The highest mean (4.14) stated that they feel a sense of belonging to the bank. This bank can be seen as a potential bank as its customers have sense of feel right to the bank. Previous study done by Dambush, (2016) indicated that commitment is a serious issue in building customer loyalty, in recognizing customers' requirement, and the existence of flexibility in customer relationship is a key issue to improve the service. This may decide that that the bank has establish good relationship with its customers. This also shows that the willingness of customers of a collective includes their own interests and benefit within the collective interest and benefit. This shows that the bank promises "Banking Services with Integrity," highlighting its commitment to the immediate and long-term welfare of customers and the environment. This bank serves only the very best integrated banking system with respect for the customers, the environment, and the financial community.

4.4.4 Keeping Promises

The table above demonstrates that the mean rages from 3.81 to 4.28 having limited range and 4.10 with less variability data. Accordingly, grand mean were rated as agree or good. The standard deviations are less than one, indicating that the variability is less. This grand mean was found by an average mean result of six dimensions. Accordingly, only 79.8 % of the respondents have at least agreed indicating that the bank keeps its promises. This show that this bank may be properly manage its relationship marketing that determines the level in which each customer feels it relies on the reliability of the promise offered by this bank. This relationship involves both parties sharing information and working together effectively to solve problems. The majority of the interview responses stated that this bank may be good at external marketing, internal marketing, and interactive marketing. This is due to the fact that all these activities revolve around making and keeping promises to customers. Particularly, all three types of marketing activities are essential for building and maintaining relationships with customers for service organizations.

4.4.5 Customer Retention

This study found that the mean rages from 3.82 to 4.25 having limited range and 3.99 with less variability data for customer retention variable. For that reason, grand mean were rated as agree or good. The standard deviations are less than 1, showing that the variability is less.. This grand mean was found by an average mean result of seven dimensions. Accordingly, only 79.4 % of the respondents have at least agreed indicating that the majority of sampled customers are faithfully for this bank. This study empirically proven that these customers do most of their service at the bank; they prefer to use a service frequently at one bank only and they care a lot about which bank they frequent. This demonstrates that the bank views customer retention as an important managerial issue, particularly in the context of a saturated financial market or lower growth of the number of new customers. Customer retention focuses a firm marketing effort towards the existing customer's base (Ntabo, and Aunda, 2016). Consequently, it clarifies the view that instead of trying to obtain new customers, this bank may work towards customers' retention. These efforts, however, must make sure that if the existing customers are satisfied so as to create and maintain long term relationship. As banks are significant contributors from labor creation to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. Therefore, banks need to familiarize themselves with service delivery activities and methods should constantly adjust to improve their relationship marketing efforts and customer retention levels (Shume, 2015).

4.5. Inferential Analysis

4.5.1 Correlation Analysis

Correlation analysis quantify the degree of association between variables and shows the direction in which the variables associate positively or negatively which ranges from –1 (perfect negative correlation) to 1 (perfect positive correlation) and the strength of the association can be categorized from weak with correlation coefficient (r) less than 0.3 to strong relation with correlation coefficient (r) greater than 0.7 and 0 mean the variables are perfectly independent or no correlation among variables (Mahmoud, *et al.*,2018).

Table 5 Pearson Correlations

		Customer Satisfaction	Trust	Commitment	Keeping Promises	Customer Retention
Customer Satisfaction	Pearson Correlation	1	.621**	.596**	.167**	**.463****
	Sig. (2-tailed)		.000	.000	.004	**.000**
	N		301	301	301	301
Trust	Pearson Correlation		1	.531**	.075	**.407****
	Sig. (2-tailed)			.000	.193	**.000**
	N			301	301	301
Commitment	Pearson Correlation			1	.285**	**.554****
	Sig. (2-tailed)				.000	**.000**
	N				301	301
Keeping Promises	Pearson Correlation				1	**.581****
	Sig. (2-tailed)					**.000**
	N					301
Customer Retention	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

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

Source: Study Result, 2021

In this study, the table above shows that the correlation coefficients for the associations between all the variables which include independent and dependent variables and this correlation analysis is relevant to note largely the relationship that exists between the dependent variable and, independent variables. When we see from this table, customer satisfaction has positively significant relationship with customer retention ($r=0.463$, $p<0.01$). This implies that as one variable increase, the other variable also increases and vice-versa. In addition, there is moderate positive correlation between trust and customer retention ($r=0.407$, $p<0.01$). Similarly, commitment is positively correlated with customer retention ($r=0.554$, $p<0.01$). Furthermore, the correlation between keeping promises and customer retention ($r = 0.581$, $p < 0.01$) were significantly positive. The result showed that the correlation among independent and dependent variables ranges from 4.07 to 5.81 and it is assessed as mostly moderate correlation. Similarly, Desne t (2019) found customer retention has positively significant relationship with Trust, Reward program, Customer satisfaction and Commitment. Customer satisfaction, Trust had also positively significant relationship with commitment. This implies that as one variable increase, the other variable also increases and vice-versa. There is high and positive correlation between Customer retention and Customer satisfaction ($r=0.792$, $p<0.01$). Similarly, Customer retention correlated with Commitment positively and strongly ($r=0.811$, $p<0.01$). Furthermore, the correlation between Customer retention and Trust ($r = 0.696$, $p < 0.01$), Customer retention and Reward program ($r = 0.386$, $p < 0.01$) were moderate.

4.5.2 Regression Analysis

4.5.2.1 Diagnostics of Assumptions in Regression Model

4.5.2.1.1 Test of Linearity

According to Osborn and Waters (2002) liner relationship is a liner relation of the standardized residuals and standardized predicted values. The Scatter plots show that the relationship between dependent and independent variables is linear .

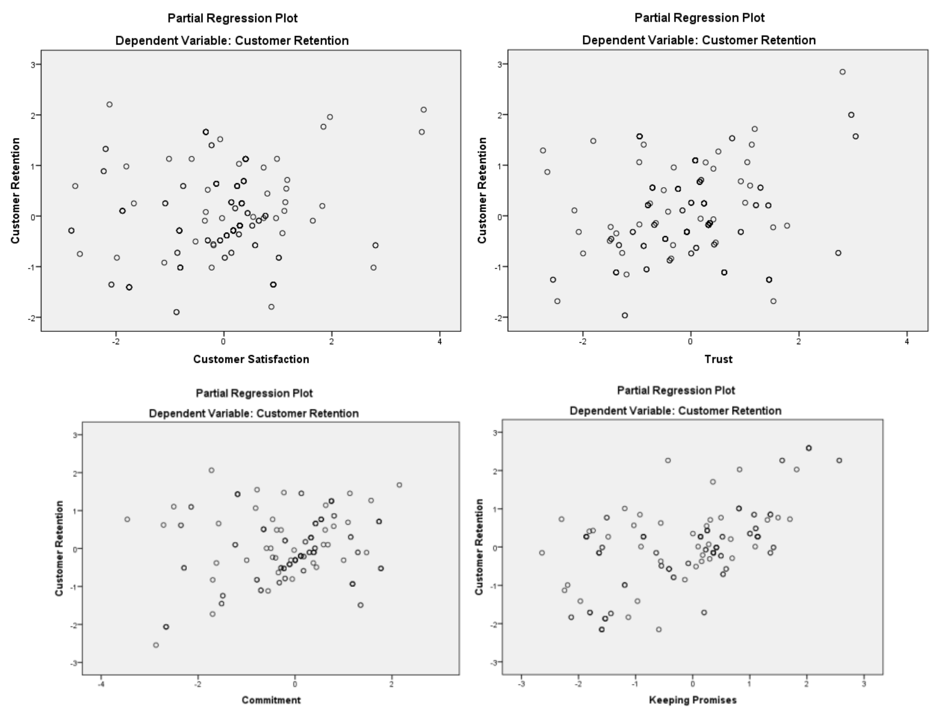


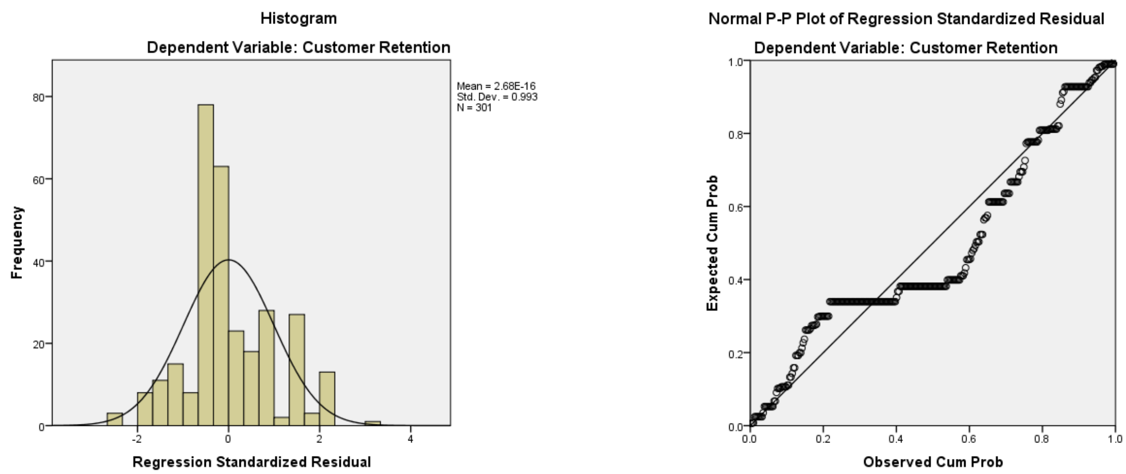
Figure 7 Scatter Plot

Source: Study Result, 2021

To examine the linearity assumptions there must be a linear relationship between the dependent variable and the independent variables. The figure above shows that all the four relationship models between dependent and independent variables fit reasonably with linear pattern and based on the Scatter plots the assumption of linearity is not violated.

4.5.2.1.2 Test of Normality

The normality assumption can be tested by looking at the Normal Probability Plot (P-P) for the model of Regression Standardized Residual and the Scatter plot with histogram shown as part of the analysis.



Source: Study Result, 2021

Figure 8 Histogram and P-P plot of regression

The histogram in the above figure with the normal curve looks normal and the black line in the histogram represents the bell-shaped normal curve of the sample data under the study and the P-P plots in figure 4.2 also the dots are realistically nearer to the normal line. Consequently, the closer or nearer the dots to the diagonal line, the closer to normal the residuals are distributed. The combination of both inspections support that the residuals are normally distributed. Consequently, it is possible to conclude that the residuals are normally distributed based on the above both histogram and normal P-P plot of regression.

4.5.2.1.3 Test of Multicollinearity

Multicollinearity occurs when two or more independent variables are highly correlated with one another. Strong relationship between predictive (independent) variables is a problem of multicollinearity and not acceptable for regression analyses. Multicollinearity occurs if some or all of the predictive (independent) variables are highly correlated with each other. Multicollinearity can be tested either from the value of tolerance and VIF or from correlation coefficient results.

Table 6 Multicollinearity Test Result

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Customer Satisfaction	.515	1.942
	Trust	.568	1.762
	Commitment	.564	1.772
	Keeping Promises	.909	1.101

Source: Study Result, 2021

The independent variables have shown significant relationship with each other but their correlation coefficient were not too high s per the table above. This shows that no multicollinearity problem or the assumption of multicollinearity was not violated. In addition the assumption of multicollinearity can be tested using collinearity statistics section, Tolerance and VIF values are given. Tolerance determines how much of the variability of an independent variable is not explained by the model's other independent variables. If the value of tolerance is small than 0.10 it indicates that the possibility of multicollinearity. In the present study the tolerance value for each independent variable was greater than 0.10 and the Variance inflation factor (VIF) values above 10 would indicate multicollinearity. Again in this study the Variance inflation factor value was less than 10 for all predictive (independent) and mediating variables. As a result, these result indicates that no multicollinearity problem.

4.5.2.1.4 Test of Autocorrelation

Autocorrelation or independence error occurs when there is a serial correlation between residuals and their own past values and also refers to the assumption that errors are independent of one another.

Table 7 Durbin-Watson autocorrelation Test result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	**Durbin-Watson**
1	.736[a]	.542	.536	.742	**1.409**

a. Predictors: (Constant), Keeping Promises, Trust, Commitment, Customer Satisfaction

b. Dependent Variable: Customer Retention

Source: Study Result, 2021

In this study the Durbin Watson statistic test used to test the assumption that our residuals are independent (or uncorrelated). It tests for autocorrelation in the residuals from statistical regression analysis after selecting the independence, mediating and dependent variables. These statistics always vary from 0 to 4. A value of 2 indicates that the sample has no autocorrelation. Therefore, from the above table the Durbin-Watson result is 1.409 which is below 2. Consequently, it can be concluded that the figure indicates that there is no autocorrelation in the sample.

4.5.2.2 Regression Test Result and Interpretation

After testing all the relevant assumptions of classical linear regression model for the data used, the researcher deployed multiple linear regression to examine the effect of relationship marketing (customer satisfaction, trust, keeping promises and commitment) over the dependent variable of customer retention.

Table 8 Regression Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.736[a]	.542	.536	.742	1.409

a. Predictors: (Constant), Keeping Promises, Trust, Commitment, Customer Satisfaction

b. Dependent Variable: Customer Retention

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	193.013	4	48.253	87.661	.000[b]
1	Residual	162.934	296	.550		
	Total	355.947	300			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Keeping Promises, Trust, Commitment, Customer Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	.639	.194		3.291	.001
	Customer Satisfaction	.117	.046	.138	2.511	.013
1	Trust	.139	.049	.148	2.835	.005
	Commitment	.226	.046	.259	4.941	.000
	Keeping Promises	.436	.038	.473	11.470	.000

Source: Study Result, 2021

This statistical measurement is clued-up by concluding the value of R^2 to explain the magnitude of the effect of the independent variable on the dependent variable. The table above depicted and enlightened as the linear regression of four independent variables and dependent variable. As shown in the above table, the overall bundle of determinant factors of the four independent variables were 54.2 % (R^2 = .542) explained the dependent variable (customer retention). This suggests that 54.2 % of customer retention in the surveyed organization clearly depends on the independent variables while the remaining 45.8 % is determined by other unaccounted factors in this study. As the second table shows the result F= 87.661, it can be established that the combination of determinant factor have positive effect on customer retention which is statistically significant. As a consequence, this study rejects the null hypothesis.

From the above multiple regression tables, this study found similar results as there is a positive and significant effect of customer satisfaction (.013; $P < .05$) and customer retention. The coefficients table shows that the model explains the most possible combination of independent variables that could predict the relationship with the dependent variable. The regression equation considering all independent variables in to consideration (four independent variables) constant at zero customer retention will be .117. It also tells that taking the entire independent variable zero, a unit increases in satisfaction will lead to .117 increases in the customer retention and a unit increase in satisfaction.

This study also found similar results as there is a positive and significant effect of trust (.005; $P < .05$) and customer retention. The regression equation considering all independent variables in to consideration this variable constant at zero customer retention will be .139. It also tells that taking the entire independent variable zero, a unit increases in trust will lead to .139 increase in the customer retention and a unit increase in trust. This study also revealed similar results as there is a positive and significant effect of commitment (.0001; $P < .05$) and customer retention. The regression equation considering all independent variables in to consideration this variable constant at zero customer retention will be .226. It also tells that taking the entire independent variable zero, a unit increases in trust will lead to 0.226 increase in the customer retention and a unit increase in commitment.

This study also revealed similar results as there is a positive and significant effect of keeping promises (.0001; $P < .05$) and customer retention. The regression equation considering all independent variables in to consideration this variable constant at zero customer retention will be .436. It also tells that taking the entire independent variable zero, a unit increases in trust will lead to 0.436 increase in the customer retention and a unit increase in keeping promises. Overall, studies showed that relationship marketing can make a huge difference case of banking sector. Clients desire more than just a loan or make use of their savings. They want a long term relation with the bank, built upon trust. This elaborates client wants more than just a name in a database. The bank industry is increasing becoming a center of competition through offering incentives or tip to their customers thus banks must extend database with specific financial needs which have room for customization, focusing on gaining more clients' trust, during win-win long-term relations. The anticipated difference arises from trust and satisfaction. Today we speak relationship building strategies focused on clients and their real desires, run through economic, behavioral, emotional, and moral filters. Clients' satisfaction during the entire life cycle is a main ground for their retention and future loyalty (Madan, *et al*., 2015).

4.6 Research Hypotheses

4.6.1 Customer Satisfaction

H_1: Customer Satisfaction has positive significant effect on customer retention towards banking sector.

This study used correlation analysis to test if there is a positive relationship between satisfaction and retention of customers. Accordingly, the test result showed that customer satisfaction has positively significant relationship with customer retention ($r=0.463$, $p<0.01$). This implies that as one variable increase, the other variable also increases and vice-versa. In addition, multiple regression has been employed to test its significant effect on customer retention. As result, this study found similar results as there is a positive and significant effect of customer satisfaction (.013; $P < .05$) and customer retention. Hence, gratified customers highly valued the offered services (Verhoef, et al., 2002). Therefore, because employees stay with the firm longer, service quality improves and costs of turnover reduced, adding further to profits. Evidence determined from the result of hypothesis of Hong-kit Yim, et al., (2004) customer satisfaction is positively and significantly affects to customer retention. Therefore, a number of empirical studies support this finding by reporting positive effects of satisfaction on customer referrals, purchase intentions, usage of a service, and relationship duration. The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm will focus on the attraction, retention, and enhancement of customer relationships. The value of services provided to the customer; and ultimately customer satisfaction, retention, and profits.

4.6.2 Trust

- **H_2: Trust has positive significant effect on customer retention towards banking sector.**

This study employed correlation analysis to test if there is a positive relationship between trust and retention of customers. Consequently, there is moderate positive correlation between trust and customer retention ($r=0.407$, $p<0.01$). Based on multiple regression, this study also found similar results as there is a positive and significant effect of trust (.005; $P < .05$) and customer retention. Similarly, Chakiso, (2015) trust is predictable as an essential ingredient for successful long term relationships. Muketha, *et al.*, (2016) found that trust is the driver for the confidence a customer has on the bank and its employees. The bank observes trust on bank products/ services, trust on bank transactions, trust on bank handling customers concern. Trust on loan information and trust on bank information confidentiality. When the bank customer loses trust with the bank, they shift to another bank, buy less bank products and talk ill of the bank. Akintunde and Akaighe (2016) underscores that trust is a vital element and a reason for parties to engage in business exchanges which is observed as a key part of business relationships. This could be identified as a strong element in building and sustaining relationship with customers.

4.6.3 Commitment

- **H_3: Commitment has positive significant effect on customer retention towards banking sector.**

Using correlation and regression analysis, this study found that commitment is positively correlated with customer retention ($r=0.554$, $p<0.01$). This study also revealed similar results as there is a positive and significant effect of commitment (.0001; $P < .05$) and customer retention. Chakiso, (2015) describes that commitment is recognized as an essential ingredient for successful long term relationships and they also defined as commitment is an ending desire to maintain a valued relationship. It is a significant element for building a positive long-term relationship and defined as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it". It is hard to maintain relationship without commitment (Magasi, 2015). Venetis and Ghauri (2004) also found that relationship commitment is thus the critical variable that determines the long-term retention of customers. Relationship marketing has been found to be successful at building commitment with external stakeholders to create those loyal customer relationships (Alrubaiee, Al-Nazer, 2010). Overall, the literature on relationship marketing is acquainted with another possible antecedent of customer loyalty, which is relationship commitment. Magasi, (2015) in the study of relationship Marketing key concepts as relationship value determination", and found that there is a positive relationship between customer's commitment and relationship value or customer retention.

4.6.4 Keeping Promises

- **H_4: Keeping promises has positive significant effect on customer retention towards banking sector.**

This study used correlation analysis to test the relationship between keeping promises and retention of customers. Thus, this study found that the correlation between keeping promises and customer retention ($r = 0.581$, $p < 0.01$) were significantly positive. This study also revealed similar results as there is a positive and significant effect of keeping promises (.0001; $P < .05$) and customer retention using regression. Similarly, Magasi, (2015) examined empirically the potential constructs (keeping promises) in customers' retention in the banking industry found that consumers can be highly satisfied. A study conducted in Magasi, (2015) come up with the conclusion that a long term customer organization relationship is crucial in creating longer-term customer retention. Consequently, without good relationship among banks and their customers, customer retention cannot longer be ensured and if any that cannot be longer.

Table 9 Summary of Hypothesis Testing

Hypothesis	Sig.	Status
Customer Satisfaction has positive significant effect on customer retention towards banking sector.	.013	Accepted
Trust has positive significant effect on customer retention towards banking sector.	.005	Accepted
Commitment has positive significant effect on customer retention towards banking sector.	.0001	Accepted
Keeping promises has positive significant effect on customer retention towards banking sector.	.0001	Accepted

Source: Study Result, 2021

CHAPTER FIVE
SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter is divided in to three sections. The first section contains summary of the major findings of the study, the next section drawing conclusions from the findings and the last section deals making recommendations to the established finding and conclusions that could be useful and viable for the organization and finally and future implication for further research about these area was located.

5.1. Summary of Findings

The main purpose of the study was to investigate the impact of relationship marketing on customers' retention with in case of Wegagen bank in west district branches of Addis Ababa. The study attended 76 % of responses rate. Twenty-four percent (24%) of the questionnaires were unreturned. Overall, majority of respondents of customer of the bank are more than five years having a customer with the bank, at the age of between 25 and 34, male, holder of a first degree, and they are working in private sectors. The reliability, validity and pilot tests were conducted and the results show positive responses. Stratified sampling was applied based on the surveyed company branches. Descriptive statistics like frequency and percentage were employed to analyze background information of respondent. Thus, this study found that

- Sampled customers strongly feel a sense of belonging to the Bank. As promised, this bank offers greater benefits to card-members. This bank has a capacity to serve to card-members than non-members. Customers care a lot about which bank they frequent and they prefer to use a service frequently at one bank only. The bank can rely on to keep its promises.
- Customers moderately feel confident on this bank. Customers do not fully trust the banking platforms of this bank. This bank is moderately reliable. The service provided by this bank partially fits customer's expectation. Overall, they are partially satisfied with the bank.
- Using correlation analysis, the test result showed that customer satisfaction has positively significant relationship with customer retention ($r=0.463$, $p<0.01$). In addition, multiple

regression has been employed and this study found similar results as there is a positive and significant effect of customer satisfaction (.013; $P < .05$) and customer retention.

- This study employed correlation analysis and it found that there is moderate positive correlation between trust and customer retention ($r=0.407$, $p<0.01$). Based on multiple regression, this study also found there is a positive and significant effect of trust (.005; $P < .05$) and customer retention.
- Using correlation and regression analysis, this study found that commitment is positively correlated with customer retention ($r=0.554$, $p<0.01$). This study also revealed there is a positive and significant effect of commitment (.0001; $P < .05$) and customer retention.
- This study used correlation analysis and it found that the correlation between keeping promises and customer retention ($r = 0.581$, $p < 0.01$) were significantly positive. This study also revealed similar results as there is a positive and significant effect of keeping promises (.0001; $P < .05$) and customer retention using regression.

5.2. Conclusion

Relationship marketing fundamentally represents a paradigm shift within marketing away from a transaction focus toward a relationship focus. It assumes that consumers prefer to have an ongoing relationship with one organization than to switch continually among providers in their search for value. Building on this assumption and the fact that it is usually much cheaper to keep a current customer than to attract a new one, successful marketers are working on effective strategies for retaining customers. Customer satisfaction assured by managing trading relationships and retention strategies will have little long-term success unless there is a solid base of service quality and customer satisfaction to build on. This doesn't necessarily mean that the firm has to be the very best among its competitors, or "world class" in terms of quality and customer satisfaction. Thus, this study concluded that there is a positive and significant effect of customer satisfaction and customer retention.

Trustworthiness concerns the reliability, believability and honesty experienced during the service encounter. Wider issues will also have an impact on the overall perception of organizational credibility; these include reputation of the company and its staff, and other businesses or stakeholders associated with the company, in addition to the personal characteristics of the contact personnel. Security relates to how secure, free from danger, risk or doubt consumers feel during interaction with the service. In a service situation this will impact upon both physical safety and financial confidentiality. Thus, this study concluded that there is a positive and significant effect of trust and customer retention. Moreover, long-term collaboration for mutual value creation (win–win outcomes of a 'plus sum game' that emphasizes commitment for an extended duration, and care, over and above attraction) is essential. Thus, it is concluded that commitment is positively correlated with customer retention. When the business is administrated well and the firm is providing on its promises, the hole is minor and few customers are leaving. When the operation is weak and customers are not satisfied with what they get, however, people start failing out of the bucket through the holes faster than they can be poured in through the top. Thus, this study concluded that there is a positive and significant effect of keeping promises and customer retention using regression.

5.3 Recommendations

The above points suggest that three important functions should work together and be actively involved in the design of a service: marketing, human resource management (HRM) and operations management. Thus,

- This bank may harvest customers' trust through esteem as a basic attitude towards all stakeholders; the bank may create a culture of mutual trust. The customers may be comprehensively informed about the bank's aims and objectives. Managers explain decisions and the entrepreneurial background in clearly understandable terms. The bank may communicate openly and honestly. This bank does what it says. The discussion is held in an atmosphere of mutual respect. Customers may freely express their opinions without fear of adverse consequences.
- All stakeholders including employees, mangers and others may agree over banking system design that may nevertheless be difficult to achieve. Marketing department may uniformly create the right impression or image; HRM may consistently make the employee feel confident, credible and professional and baking operations may be create a comfortable banking system as simplified procedures, understandable transaction formats, evaluate its interference with performance like "Does it help customers identify employees easily? ".

- This bank may work on employee empowerment to ensure that the bank can respond quickly to customer needs or requests. The intent of empowerment may include modernize frontline services, allows on-the-spot responsiveness to the customer, make service representatives feel trusted, respected, and like an important part of the organization.
- This bank may get the best people, an organization needs to identify who the best people are and compete with other organizations to hire them. This may be included this bank may extract competing for talent market share by providing employees additional benefits like family trip, business dinner and other social gatherings.
- The government may create banking service competencies to enhance the skills and knowledge necessary to do the job. Out of competencies are validated by achieving particular degrees and certifications, the government or Ethiopian education system may be engaged in service competencies may not be degree related, but it could be related to basic intelligence or physical requirements.
- Board members may be promoting teamwork to enhance customer satisfaction when employees work as teams using team reward; teams should know the targets and standards they are required to meet and teams should have a clear line of sight between "what they do and what they will get for doing it

5.4 Direction for Further Research

Future researches may include other relation marketing successes factors for a complete picture of its influence on customer retentions. They may also include external marketing, internal marketing and inductive marketing concepts and variables.

REFERENCES

Akintunde, O. A., & Akaighe, G. O. (2016). Customer Relationship Management (CRM) and Customer Retention in Nigeria Banking Industry: A Strategic Standpoint. *Journal of Marketing Development & Competitiveness*, 10(2).

Al-Hersh, A. M., & Saaty, A. S. (2014).The impact of customer relationship marketing on customer satisfaction of the Arab bank services. *International Journal of Academic Research in Business and Social Sciences*, 4(5), 67.

Alrubaiee, L., & Al-Nazer, N. (2010). Investigate the impact of relationship marketing orientation on customer loyalty: The customer's perspective. *International Journal of Marketing Studies*, 2(1),155.

Arokiasamy, A. A. (2013). The impact of customer satisfaction on customer loyalty and intentions to switch in the banking sector in Malaysia. *Journal of Commerce* (22206043), 5(1), 14-21

Bojei, J., Julian, C. C., Wel, C. A. B. C., & Ahmed, Z. U. (2013). The empirical link between relationship marketing tools and consumer retention in retail marketing. *Journal of Consumer Behavior*, 12(3), 171-181.

Chakiso, C. B. (2015). The effect of relationship marketing on customers' loyalty (Evidence from Zemen Bank). EMAJ: *Emerging Markets Journal*, 5(2), 58-70.

Chattananon, A., & Trimetsoontorn, J. (2009). Relationship marketing: a Thai case. *International Journal of Emerging Markets*, 4(3), 252-274.

Dambush, N. H. (2016). The Role of Customer Relationship Marketing on Customer Retention: A case of Ethiopian Insurance Corporation in Mekelle Branch (Doctoral dissertation, Mekelle University).*Net Journal of Business Management*, 4(2):22-30.

Desnet, Tewelemedhin. (2019). The Effect of Relationship Marketing Strategy on Customer Retention: The Mediating Role of Commitment (The Case of Wegagen Bank in East District Branches of Addis Ababa), MA thesis, Addis Ababa University, Addis Ababa, Ethiopia

Doaei, H., Rezaei, A., & Khajei, R. (2011). The impact of relationship marketing tactics on customer loyalty: the mediation role of relationship quality. *International Journal of Business Administration*, 2(3), 83.

Gustafsson, A., Johnson, M. D., & Roos, I. (2005).The effects of customer satisfaction, relationship commitment dimensions, and triggers on customer retention. *Journal of marketing*, 69(4), 210-218.

Hair, J. F., Anderson, R. E., Babin, B. J., & Black, W. C. (2010). *Multivariate data analysis*: A global perspective (Vol.7).

Haumann, T., Quaiser, B., Wieseke, J., & Rese, M. (2014). Footprints in the Sands of Time: A Comparative Analysis of the Effectiveness of Customer Satisfaction and Customer-Company Identification over Time. *Journal Of Marketing*, 78(6), 78-102. doi:10.1509/jm.13.0509

Helgesen, O. (2007). Drivers of customer satisfaction in business-to-business relationships: A case study of Norwegian fish exporting companies operating globally. *British Food Journal*, *109*(10), 819-837.

Hettiarachchy, B. S., & Samarasinghe, D. S. R. (2016).*Influence of Relationship Marketing on Customer Retention in Sri Lankan Banking Industry*.

Hong-kit Yim, F., Anderson, R. E., & Swaminathan, S. (2004). Customer relationship management: Its dimensions and effect on customer outcomes. *Journal of Personal Selling & Sales Management*, *24*(4), 263-278.

Husnain, M., & Akhtar, W. (2016). Relationship marketing and customer loyalty: Evidence from banking sector in Pakistan. *Global Journal of Management and Business Research*.

Kothari, C. R. (2004). *Research methodology methods and techniques*: (second revised edition). New age international publisher.

Madan, R., Agarwal, R., & Matta, M. G. (2015). Relationship Marketing Strategies in Banking Sector: A Review. *International Journal of BRIC Business Research (IJBBR)*, *4*(4), 01-10.

Magasi, C. (2015). Customer relationship marketing and its influence on customer retention: a case of commercial banking industry in Tanzania. *In Proceedings of the Third Middle west Conference on Global Business, Economics, Finance and Banking* (pp. 1-19).

Mahmoud, M. A., Hinson, R. E., & Adika, M. K. (2018). The Effect of Trust, Commitment, and Conflict Handling on Customer Retention: The Mediating Role of Customer Satisfaction. *Journal of Relationship Marketing*, 17(4), 257-276.

Mittal, V. & Carly, F.(2010). Customer Satisfaction: A Strategic Review and Guidelines for

Managers. Cambridge, MA: MSI Fast Forward Series, Marketing Science Institute.

Mollah, A. S. (2014). The impact of relationship marketing on customer loyalty at Tesco Plc, UK.*European Journal of Business and Management*, 6(3), 21-55.

Muketha, J. K., Thiane, K., & Thuranira, L. (2016). Influence of relationship marketing on customer retention in the branches of commercial banks in Merutown: Kenya. *International Journal of Advanced Multi-disciplinary Research*, 3(11), 20-61.

Niko, M. A., Askarinia, M. H., Khalafi, A. A., & Joyami, E. N. (2015). Investigating the effect of the relationship marketing tactics on customer's loyalty. *Academic Journal of Economic Studies*, *1*(1), 5-21.

Ntabo, K. O., & Aunda, A. O. (2016). Influence of customer relational management practices on customer retention. *Baraton Interdisciplinary Research Journal*, 6, 35-36.

Oly Ndubisi, N. (2007). Relationship marketing and customer loyalty. *Marketing intelligence & planning*, *25*(1), 98-106.

Osborne, J., & Waters, E. (2002). Four assumptions of multiple regression that researchers should always test. *Practical assessment, research & evaluation*, *8*(2), 1-9.

Patterson, P. G., & Smith, T. (2003).A cross-cultural study of switching barriers and propensity to stay with service providers. *Journal of retailing*, *79*(2), 107-120.

Rao, G. S., & Abegaz, G. T. (2017). The role of relationship marketing on customer retention: The case of Abay bank in dessie region in Ethiopia. *International Journal of Advanced Research in Management and Social Sciences*, 6(3), 97-111.

Rizan, M., Warokka, A., & Listyawati, D. (2014). Relationship marketing and customer loyalty: do customer satisfaction and customer trust really serve as intervening variables?.*Journal of Marketing Research & Case Studies*, *2014*, 1.

Rootman, C., Tait, M., & Sharp, G. (2011). Relationship marketing and customer retention lessons for South African banks. *Southern African Business Review*, *15*(3), 184-206.

Shume, M. (2015). *The Impact of Customer Relationship Marketing on Customer Satisfaction: (the case of Commercial Bank of Ethiopia)* (Doctoral dissertation, St. Mary's University).

Siddiqi, T., Khan, K. A., & Sharna, S. M. (2018). Impact of customer relationship management on customer loyalty: Evidence from Bangladish's banking industry. *International Journal of Business, Economics and Law*, Vol. 15(5), 93-95.

Venetis, K. A., & Ghauri, P. N. (2004). Service quality and customer retention: building long-term relationships. *European Journal of marketing*, *38*(11/12), 1577-1598.

Verhoef, P. C. (2003). Understanding the effect of customer relationship management efforts on customer retention and customer share development. *Journal of marketing*, *67*(4), 30-45.

Verhoef, P. C., Franses, P. H., & Hoekstra, J. C. (2002). The effect of relational constructs on customer referrals and number of services purchased from a multiservice provider: does age of relationship matter?.*Journal of the Academy of Marketing Science*, *30*(3), 202-216.

Wetzels, M., De Ruyter, K., & Van Birgelen, M. (1998). Marketing service relationships: the role of commitment. *Journal of business & industrial marketing*, *13*(4/5), 406-423.

Appendix I

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS ADMINISTRATION

Dear Respondents:

I am Elbethel Asefa, a post graduate student of St. Mary's University. I am currently conducting an academic research. This questionnaire is intended to be used as primary data for master's thesis of my MBA at on ‘’ The Effect of Relationship Marketing on Customer Retention: Evidences From Wegagen Bank, Addis Ababa, Ethiopia’.

Please take a few minutes to complete this questionnaire. Information gathered will be strictly used for academic purpose and will not be used for any other purpose and therefore all information provided shall be treated with maximum caution, confidentiality. All personal data submitted will be treated collectively, rather than on a personal level. The expected respondents of this questionnaire will be customers of selected branches from west district in Addis Ababa area. The respondents will be expected to give accurate data to make proper analysis.

I would like to thank you in advance for your generous time, honest and prompt responses.

- There is no need of writing your name. In all cases where answer options are available please tick (√) in the appropriate box.

Best Regards,

Elbethel Asefa Eshetu
E-mail - elbethelasefa@gmail.com
Tel: +251912340266

Questionnaire to be filled by customers of the bank

Part I - Demographic Information

1.Gender	Male ☐	Female ☐	
2.Level of Education	Below diploma ☐	Diploma ☐	First Degree ☐
	Masters and above ☐		
3.Occupation	Private ☐	Own Business ☐	Student ☐
	Government ☐	Others ☐	
4.How long have you been a customer with the bank (in years):	Less than 2 years ☐	2– 5 years ☐	5 -7 years ☐
	More than 7years ☐		
5.Which of the following age categories describes you?	19 - 24 ☐	25 -34 ☐	35 -44 ☐
	45 -50 ☐	51 -70 ☐	

Part II: Main Questions

Direction – please express your opinion or level of agreement regarding relation marketing and customer relation. Please also tick "√" mark on each statements of your agreement in the box corresponding to a number from 1 to 5 that represents your level of agreement.

1	***2***	***3***	***4***	***5***
Strongly disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**

Code	Items	**1**	**2**	**3**	**4**	**5**
Customer Satisfaction						
CS1	I am satisfied with the personal consideration of the Bank					
CS2	I am satisfied with the readiness of the Bank to explain procedures					
CS3	The bank has convenience banking infrastructure.					
CS4	I am satisfied with the responding by the Bank to claims					
CS5	I am satisfied with the expertise of the personnel of the bank					
CS6	I am satisfied with the relationship with the Bank					
CS7	The service provided by this bank perfectly fits my expectation.					
CS8	Overall, I am satisfied with this bank.					
Trust						
TR1	This bank is reliable.					
TR2	I trust the banking platforms of this bank.					
TR3	This bank puts the customer's interest first					

TR4	I feel confident on this bank.					
TR5	I can count on the bank to provide a good service					
TR6	I rely on this bank services.					
Commitment						
CO1	I am proud to belong to the Bank					
CO2	I feel a sense of belonging to the Bank					
CO3	I care about the long-term success of the Bank					
CO4	I am a loyal patrol of the Bank					
CO5	As promised, I received privileged treatment from the bank					
Keeping Promises						
KP1	This bank can be relied on to keep its promises					
KP2	This bank has ability to satisfy its card members than non-card members					
KP3	This bank usually keeps the promises					
KP4	This bank has a capacity to serve to card-members than non-members					
KP5	As promised, this bank offers greater benefits to card-members					
KP6	As a member of the loyalty program I received privileged treatment from this bank					
Customer Retention						
CR1	I feel loyalty towards the bank					
CR2	I think of myself as a loyal customer to the bank					
CR3	I am very committed to the bank					
CR4	I am willing to make an effort to get service at the Bank					
CR5	I do most of my service at the bank					

CR6	I prefer to use a service frequently at one bank only					
CR7	I care a lot about which bank I frequent					

Thanks You!!

Appendix II - Interview Checklist

Dear,

I do have a few questions about Relationship Marketing and Customer Retention in Wegagen Bank SC. Can I proceed?

1. Please tell us the current practice of customer relationship marketing in this bank?

2. What kind of Customer relationship marketing do you practice?

3. What is the relationship marketing in terms of customer satisfaction, trust, commitment, keeping promises and that your bank used to make customers satisfied and retained?

4. According to your opinion, to what extent does good relationship with the customer result in customer retention?

Thanks You!!