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**FACTORS INFLUENCING CUSTOMERS LOYALTY: EMPIRICAL
EVIDENCE FROM THE BANKING INDUSTRY IN ETHIOPIA**

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SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT**

**MAY, 2018
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PROGRAM**

**Factors Influencing Customers Loyalty: Empirical Evidence from the
Banking Industry in Ethiopia**

Prepared by: Biruk Teshome

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DECLARATION

I, Biruk Teshome declare that this research titled Factors Influencing Customers Loyalty: Empirical Evidence from the Banking Industry in Ethiopia is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

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Date: _____

LETTER OF CERTIFICATION

This is to certify that Biruk Teshome carried out her project on the topic entitled “Factors Influencing Customers Loyalty: Empirical Evidence from the Banking Industry in Ethiopia”.

This work is original in nature and is suitable for submission for the award of Master Art in Marketing Management.

Advisor: Dr. Mulugeta G/Medhin (Ph.D)

Signature: _____

Date: _____

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ACRONYMS

A.A	Addis Ababa
ANOVA	Analysis of Variance
B ₂ C	Business to Customer
CSM	Customer Service Manager
DBMs	Data Base Management System
MLR	Multiple Linear Regression
ROI	Return on Investment
SPSS	Statistical Process for the Social Science

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ABSTRACT

During the past decade, the financial service industry has undergone drastic change and intense competition in Ethiopia. In increasingly competitive markets, being able to build customer loyalty is seen as the key factor in winning market share and developing a sustainable competitive advantage. It should be imperative to apply the modern innovative marketing strategy to the banking industry in Ethiopia that focuses on keeping and improving current customers rather than acquiring new customers. The objective of this study is to identify factors that influence customer loyalty in banking industry of Ethiopia. In order to achieve the aim of this study the researcher applied both descriptive and explanatory research design. The researcher selected five banks using simple random sampling techniques, and sample sizes of 384 questionnaires were distributed to respondent. The data gathered from respondent analysis is done using the SPSS software program. The main finding of study shows that commitment, customer satisfaction and trust have positive and a significant influence in determining customer loyalty. In addition, the result show that the first most essential factor that influence customer loyalty is commitment, the second essential factor that influence customer loyalty is customer satisfaction and the third important factor that influence customer loyalty is trust. Also the result of this study show that perceived quality and switching cost has no influence on customer loyalty. Therefore, managements in banking industry should focus on commitment, customer satisfaction and trust.

Key words: *Customer loyalty, Perceived quality, Customer Satisfaction, Switching cost, Trust and Commitment.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The increasing importance of relational marketing in recent years, particularly in the service industries, such as banks, has been accompanied by a bundle of works on customer loyalty. According to Beerli, Martin and Quintana (2004), emphasize that the positive relationship existing between customer loyalty and business performance. Loyal customers not only increase the value of the business, but also enable it to maintain costs lower than those associated with attracting new customers.

The two approaches to the study of brand loyalty have dominated marketing literature. The early definitions of brand loyalty focused on the behavioral aspects of brand such as Jacoby and Kyner (1973). Later the definitions of brand loyalty have emerged to include the behavioral and attitudinal aspects. Brand loyalty was associated with the emotional attachment Aaker (1991) and repeat purchase based on attitude towards the brand Oliver (1997). The definition of Oliver (1997) which focuses on both attitudinal and behavior aspect of brand loyalty. This shows that the brand loyalty in both aspects is still dominant and the researcher conclude that some of the apparent limitations of the strictly behavioral approach are overcome when loyalty includes both attitudinal and behavioral.

According to Dick and Basu (1994), customer loyalty considered as bi-dimensional, including both attitudinal and behavioral re-purchase intention. In addition Lin and Wang (2006), defined customer loyalty as the customer's favorable attitude towards a brand, resulting in repeat purchase behavior.

The term brand loyalty and customer loyalty have been consciously or unconsciously mixed used in various studies Srinivasan, Anderson and Ponnnavolu (2002). The researcher also refers both the same meaning and used interchangeable.

Developing and maintaining customer loyalty is important particularly in the service sectors because loyalty results in increase profit through repeat patronage, less price sensitivity and positive word-of-mouth. This makes it an important determinant of market share and profitability Jones and Sasser (1995). According to Lam, Shun, and Sanker (2004), customer loyalty has a powerful impact on firm's performance and is considered by

many companies as an important source of competitive advantage. Consistently high level of customer loyalty not only creates tremendous competitive advantage but also enhance employee morale and productivity. Further, the benefit of customer loyalty to provider of either service or products include lower customer price sensitivity, reduced expenditure on attracting new customers, improved organizational profitability.

The researcher tried to review different models of factors that influence customer loyalty. According to Beerli et al. (2004) the factors which have influenced the customer loyalty in banking industry have been selected are perceived quality, satisfaction and switching cost. Also more models in this category were reviewed to see whether there are more factors that can be consider in banking industry or not. Moutinlo and Smith (2000), and Lauren and Lin (2003) so, the loyalty model for other industries was considered in the reviewing of the literature. And finally according to Lauren and Lin (2003) Lin and Wang (2006), two more factors which were mentioned in the loyalty model and could be considered in banking industry are trust and commitment. So the research adds those as factor influence customer loyalty.

This study attempted to identify the factors that influence customer loyalty in banking industry of Ethiopia. The finding of this research will help decision maker to understand the factors that influence customer loyalty. Such understanding would help to maintain good relationship with customers, retain loyal customer, help to develop loyalty program and improve bank competitive position.

1.2. Statement of the Problem

The Ethiopian Economy during 2015/16 had registered 8% growth. Despite challenging macroeconomic and weather conditions, the growth in real GDP was mainly attributed to 8.7% growth in service, 2.3% in agriculture and 20.6% in industry sectors. Share in GDP 36% Agriculture, 16.7% Industry and 47.3% Service sector National Bank of Ethiopia Annual Report (2015/16).

Gilmore (2003) noted that like many businesses today, financial service take place in an ever-changing. It is in similar context with Ethiopia Economy. The evidence is that out of 18 currently operating retail banks in Ethiopia 9 of them are inaugurated and started working since 2008 National Bank of Ethiopia Annual Report (2015/16). These enormous increases have created an opportunity for customers to choose the bank they want.

According to National Bank of Ethiopia report (2015/16) new branches opened by existing bank was 494 in a single year, which increased their total branch network from 2,693 to 3,187. This shows that Bank's are more focusing on attracting new customers through increasing their distribution channel rather than focus on retaining the existing customers. However, organizations cannot survive by increasing number of branches to attract and capture new customers.

Organizations have to choose the strategy that help in retaining the existing customers and enhance their loyalty to the organization. Lauren and Lin (2003) suggest that to increase sales volume of services, firms should focus on customer loyalty towards their product and service. Thus, business decision makers and executives should search new innovative strategies to keep their existing customers' loyalty towards their products and services, and also to further increase the base of loyal customers.

Customer loyalty brings many benefits such as the positive word of mouth Dick and Basu (1994) and Oliver (1999), it increase the relative bargaining power of organization and also increase Return on Investment (ROI) Anderson, Formell and Mazvancheny (2004). According to Rust and Zahorik (1993) identify that attracting new customers may be five times as costly as keeping existing customers. Loyal customers not only increase the value of the business, but also enable it to maintain the costs lower than those associated with attracting new customers Beerli et al. (2004). Top 20% of customers are likely to produce 80% profit for the company. Kotler and Keller (2005) due to the above benefits, each bank would like to exert extra effort to retain existing customers.

During the past decade, the financial service industry has undergone drastic change and intense competition in Ethiopia. It will be imperative to apply the modern innovative marketing strategy called customer loyalty to the banking industry of Ethiopia. However, the researcher found only one study conducted on customer loyalty by Efrem (2013). The research by Efrem (2013) shows that commitment, satisfaction and trust have a significant positive influence on customer loyalty. In addition, commitment is the most essential factor in affecting customer loyalty followed by satisfaction and trust. The least important factor in affecting customer loyalty is switching cost. The result also indicated that image was not significantly affecting customer loyalty.

To bridge the above mentioned gaps, this study tried to identify factors that affect customer loyalty in the Banking industry of Ethiopia.

1.3. Research Questions

Based on the statement of the problem and review of related literatures, this study has tried to give answer for the following questions.

- ✚ How does perceived quality influence the loyalty of customer?
- ✚ How does satisfaction influence the loyalty of customer?
- ✚ How does switching cost influence the loyalty of customer?
- ✚ To what extent trust influences the loyalty of customer?
- ✚ To what extent commitment influence the loyalty of customer?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of the study is to identify factors that influence customer loyalty in banking industry of Ethiopia.

1.4.2. Specific Objective

- ✓ To examine the effect of perceived quality influence on customer loyalty
- ✓ To determine the influence of satisfaction on customer loyalty
- ✓ To identify the effect of switching cost on customer loyalty
- ✓ To examine the influence of trust on customer loyalty
- ✓ To evaluate the commitment influence of customer loyalty

1.5. Significance of the Study

This study will help the practical aspect to the stakeholders of banking industry in Ethiopia by identifies factors that influencing customer loyalty. It will help for management to better decision on customer loyalty program, customer relationship management to improve the bank competitive position. Additionally this study will help other practitioners or researcher use as reference and also will provide important input to shield light for further studies.

1.6. Delimitation of the Study/Scope of the Study

The researcher tiered to identify factors that influencing customer loyalty in banking industry of Ethiopia. The following are described as the scope of the study:

Theoretical Scope: The factors that influence customer loyalty in banking industry are perceived quality, customer satisfaction, switching cost, trust and commitment. The model adopted from Beerli, Martin and Quintana (2004), Lauren and Lin (2003) and Lin and Wang (2006).

Definition Scope: The term brand loyalty and customer loyalty have been consciously or unconsciously mixed used in various studies Srinivasan et al. (2002).The researcher also refers both as the same meaning and used interchangeable.

Methodology Scope: The researcher selected five bank's using simple random sampling. Because, there is no research conducted to show the markets share of each bank in the country. It is difficult to select the banks based on their target market share similarly applied by Berlin et al. (2004). As per Cochram (1997) suggest sampling techniques 384 sample was taken and proportionate stratified sampling used to determine number of respondent to each bank. The respondent was selected using convenience sampling techniques because of there has not been a dependable and accurate Data Base Management System (DBMS), it is practically impossible to have sampling frame of the list of each customers.

Geographical Scope: Branches only found in Addis Ababa was considered in this study.

1.7. Definitions of Terms

Commitment: is defined as a desire to maintain a relationship. Morgan and Hurt (1994)

Customer Loyalty: Oliver (1997) defines as a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future; causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts.

Customer satisfaction: is defined as the summary of psychological assert resulting when the emotion surrounding disconfirmed expectations is tied with the customer's past feeling about the consumption experience (Oliver, 1980).

Perceived Quality: is defined as the consumer's judgment about an entity's (service) overall excellence or superiority. Zeithaml, Berry and Parasurama (1988)

Switching cost: Is defined as a factor that makes it difficult or costly for customer to change providers. It can be technical, financial or psychological factors which make it difficult or expensive for a customer to change brand. Shergill and Bing (2006)

Trust: Trust has been defines as the willingness to rely on an exchange partner in whom one has confidence. Morgan and Hunt (2004)

1.8. Organization of the Study

This research study is organized in five chapters. The first chapter are introduction, includes background of the study, background of the company, statement of the problem, research question, objective of the study, significance of the study, definition of terms, delimitation and scope of study and ethical consideration. Chapter two present review of relevant literature. Chapter three focus on research design and methodology of the study. Chapter four demonstrate research finding, analysis and interpret data obtained from respondent. Chapter five focus on conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1. Customer Loyalty

The increasing importance of relational marketing in recent years, particularly in the service industries, such as banks, has been accompanied by a bundle of works on customer loyalty. Several authors emphasize the positive relationship existing between customer loyalty and business performance. Loyal customers not only increase the value of the business, but also enable it to maintain costs lower than those associated with attracting new customers. Beerli et al. (2004)

Generally, loyalty has been and continues to be, defined as repeat purchasing frequency or relative volume of same-brand purchasing. Many definitions in the literature suffer from the problem that they record what the consumer does, and none taps into the psychological meaning of loyalty Oliver (1999). According to Jacoby and Kyner (1973), brand loyalty is biased (i.e., non-random) behavioral response (i.e., purchase), expressed overtime, by some decision making units, either on the part of an individual, family or organization with respects to one or more alterative brands out of a set of such brands, which means that it is necessary to distinguish between exclusivity and loyalty and a function of psychological process which involves the evaluation of different alternatives using specific criteria. Similarly, Oliver (1999) defines loyalty as:

... a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

According to, Jacoby and Kyner (1973) have explored the psychological meaning of loyalty in an effort to distinguish it from behavioral (i.e., repeat purchase) definitions. Their analysis concludes that consistent purchasing as an indicator of loyalty could be invalid because of happenstance buying or a preference for convenience and that inconsistent purchasing could mask loyalty if consumers were multi-brand loyal. So it is conclude that the simply repetitive purchasing is not the base brick of customer loyalty. Customer loyalty is a variable of having two dimensions, one is related to the behavior and other related to the attitude, where commitment in the essential features. Day (1969)

According to Dick and Basu (1994), argued that loyalty is determined by the strength of the relationship between relative attitude and repeat patronage and that has both attitudinal and behavioral elements. Further the combination of these enables us to distinguish two types of customer loyalty concepts. First, loyalty based on inertia, where a brand is bought out of habit merely because this takes less effort and customer will not hesitate to switch to another brand if there is some convenient reason to do so. Secondly, true brand loyalty, which is a form of repeat purchasing behavior reflecting a conscious decision to continue buying the same brand and it must be accompanied by an underlying positive attitude and a high degree of commitment toward the brand. Beerli et al. (2004)

In this regard, Dick and Basu (1994), proposed four conditions related to loyalty.

Table 2.1: Loyalty Classification

Relative attitude	Repeat Patronage		
		High	Low
	High	Loyalty	Latent loyalty
	Low	Spurious loyalty	No loyalty

Source: Dick and Basu (1994)

1. Loyalty signifies a favorable correspondence between relative and repeat patronage
2. Latent loyalty is associated with high relative attitude, but low repeat patronage
3. Spurious loyalty occurs when a customer frequently purchase a brand but sees no significant different among brands.
4. No loyalty exists in a category when customers see few differences between alternative brands and there are low repeat purchases.

According to Dick and Basu (1994) customer loyalty considered as bi-dimensional, including both attitudinal commitment and behavioral re-purchase intention. In addition Lin and Wang (2006), defined customer loyalty as the customer's favorable attitude towards a brand, resulting in repeat purchase behavior.

2.2. Benefits of Customer Loyalty

Customer loyalty is critical to the conduct of business in today's competitive market. Today marketers are seeing information on how to build customer loyalty. The increased profits from loyalty come from reducing marketing costs, increase sales and reduced operational costs. Further, loyal customers provide strong word-of-mouth create business

referrals, provide references and serve on advisory boards. Bowen and Schneider (1988). Developing and maintaining customer loyalty is important particularly in the service sectors because loyalty results in increase profit through repeat patronage, less price sensitivity and positive word-of-mouth. This makes it an important determinant of market share and profitability Jones and Sasser (1995). Hence, customer loyalty has a powerful impact on firm's performance and is considered by many companies as an important source of competitive advantage Lam et al. (2004). Consistently high level of customer loyalty not only creates tremendous competitive advantage but also boost employee morale and productivity. Further, the benefit of customer loyalty to provider of either service or products include lower customer price sensitivity, reduced expenditure on attracting new customers, improved organizational profitability.

According to Ravesteyn (2005), identify different advantage of customer loyalty. The first one is that once customers become loyal to the company, repeat sales and referral will increase, which will lead to growth in revenue and market share. Existing customers, who are willing to give enthusiastic reference and word-of-mouth referrals, create free advertising. The second one is that through the delivery of superior value to customers, employee's loyalty increase as it gives them pride and satisfaction in their work. Companies will attract and retain the best employee if they are able to sustain their growth. A further benefit is the strong relationship of long-term employees and long term customers, which also result in increased loyalty. Thirdly customers who have learned the company procedures and acquainted themselves with its full product line invariably receive greater value from the relationship. This result in customer becomes less price-sensitive and willing to pay a premium, thus resulting in a substantial entry barrier to competitors. Finally, loyalty provides the time to response to competitive moves-it gives breathing room.

Creating loyal customers has become more and more important. This is due to the fact that competition is increasing, as never before, which has a great impact on many companies. To deal with high concentrated markets, business is attempting not only to attract and satisfy customers but also to create long-term relationship with these customers. Creating satisfied and loyal customer is critical matters for many corporations survival.

2.3. Customer Loyalty Programs and its Benefits

Customer loyalty programs have developed remarkably in the era of customer retention in recent years. This is due to recent advances in information technology. They have been considered by many organizations and many of them have adapted customer loyalty programs. According to Yi and Jeon (2003), loyalty programs are introduced to build customer loyalty. A loyalty programs offer rewards to customers in form of relationships and financial rewards. The importance of benefits for enticing customers into these loyalty programs and the goal of customer loyalty programs are to create a high level of customer retention.

Due to the popularity and benefits derived from customer loyalty programs many corporations have adapted these schemes. Customer loyalty programs can do build customer loyalty and corporations now realize how important loyalty is for their profitability. One of the main reasons of creating loyalty programs is to increase revenues, which can be done by either increasing purchase and usage levels and also by increasing the range of products bought. However, there are other reasons for creating loyalty programs including: to generate information, to reward loyal customers, to manipulate consumer behavior and as a defensive measure toward competitors. (O' Malley, 1998)

Research findings also suggest that the costs of customer retention activities are less than the costs of acquiring new customers. Rust and Zahorik (1993), identify the financial implications of customer retention, citing US Office of Consumer Affairs research that estimates that attracting new customers may be five times as costly as keeping existing customers.

Customer loyalty program have the important benefit for both company and customers.

Customer loyalty program have benefits for company are less costly to retain customers than to attract new customers, generating profits, Positive word of mouth and reduce marketing costs.

Customer loyalty program benefits for customer are first, functional benefits includes Time saving and convenience second, economic benefits third, risk reduction finally, social benefits includes relationships and trust.

2.4. Empirical Literature

There has been a growing interest in recent years in analyzing the factors that influencing customer loyalty. As a result, there are numerous works in marketing which have attempted to explain the relationships between customer loyalty and various variables regarded as antecedents.

Phong (2017) the objective of the study are customer loyalty construct and the relationship between customer loyalty and its determinants namely customer satisfaction, switching cost and trust in retail industry in Vietnam. 500 questionnaires were distributed to the customers of four biggest commercial banks in Vietnam. 390 questionnaires were received from the respondent and collected data was analyzed using SPSS program. The findings show that there are strong and positive relationship between customer loyalty and its determinants of customer satisfaction, switching cost and trust.

Magasi (2016) the study intended to investigate the factors affecting customers' loyalty in Sub-Saharan African banking industry. The thoroughly dealt factors were perceived quality, customer satisfaction switching cost, trust and commitment. An intensive literature review involving fourteen recent from 2009 to 2015 related literature were assessed by finding out the extent to which each factors determined customer loyalty in Banking industry. The finding show that perceived quality, customer satisfaction and trust are the major determinants of customer loyalty in Sub-Saharan African Banking industry.

Thykeo (2015) the purpose of this research is to examine the factors affecting customer loyalty of a BCEL bank in Vientiane, Lao PDR. The conceptual framework was developed to represent the relation between customer loyalty and its influencing factors which are service quality (tangibility, reliability, responsiveness and assurance), switching cost, trust, reputation, habit and customer satisfaction. The researcher surveyed 400 respondents who had experienced with BCEL bank in Vientiane for more than three years. The collected data was analyzed by using SPSS program. The result show that all five sub-variables of service quality and trust, switching cost, reputation, habit, customer satisfaction and customer loyalty have positive relationships. Moreover, trust and customer satisfaction with customer loyalty have positive correlation. Finally, trust has a statistical significant effect on customer satisfaction.

Megdadi, Aljaber and Alajmi (2013) the purpose of this research is to examine proposed factors affecting customer loyalty towards the financial service of Jordanian Commercial Banks. A proposed model designed to analyze the relation among different factors for the customer loyalty. Perceived quality and expectations, willingness and trust, bank changes and switching cost, and bank commitment are the factors which affect the customer loyalty of the customers. These factors also affect each other as well. Random samples of 1,000 customers of Jordanian Commercial banks were participated to answer the designed questionnaire; the analysis and the relation among the factors are explained. The SPSS software is used to analyze the data gathered from the respondents. The study findings are perceived quality the most factors affecting customer satisfaction. The effect of perceived quality and expectations, willingness and trust, bank change and switching cost and bank commitment on satisfaction is strongly positive and significant. The effect of customer satisfaction on loyalty is strongly positive and significant.

Efrem (2013) this study aimed to examine factors affecting customer loyalty within corporate Bank of Oromia. Questionnaires distributed to 120 customers of corporation bank of Oromia. Data analyzed using descriptive and inferential statistics. The findings of the study show that commitment, satisfaction and trust have significant positive influence on customer loyalty. In addition, commitment is most essential factors in affecting customer loyalty followed by satisfaction and trust. The least important factors in affecting customer loyalty are switching cost. The result also indicates the image was not significantly affecting customer loyalty.

Afsar (2010) the objective of this study is to analyze the factors which influence the customer loyalty in the banking industry of Pakistan and to propose a model for customer loyalty by analyzing the relationship among different factors. The convenient random sampling technique was used to select sample and 350 questionnaires were distributed to respondent. The data gained from respondent analysis is done using the SPSS software and the result and the relation among the factors are explained. Perceived quality, satisfaction, trust, switching cost and commitment are the factors which influence the loyalty of the customers. The main findings are the effect of satisfaction and trust on commitment is positive and significant and the greater the satisfaction the greater the trust the greater commitment. The effect of perceived quality on satisfaction is positive and significant but low. The effect of satisfaction, switching cost, and commitment on customer loyalty is positive and significant.

2.5. Conceptual Framework and Research Hypothesis

2.5.1. Perceived Quality

A concept which is very closely related with satisfaction is perceived quality and the differences between them have not always been very clearly defined. They have been used on occasion in an indistinct manner. In an attempt to clarify the distinction between satisfaction and perceived quality Anderson et al. (1994) consider that satisfaction requires previous consumption experience and depends on price, whereas quality can be perceived without previous consumption experience and does not normally depend on price. However in circumstances where there is little available information or where quality evaluation is difficult, price can be an indicator of quality. Oliver's (1999) conceptual model of service quality and service satisfaction, concluded that these constructs are distinct and have different antecedents.

Service quality has been found to have a profound input to customer loyalty as a whole and is defined as the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed Parasuraman, Berry and Zeithamal (1988).

According to Parasuraman et al.(1988) indicate the relationship between service quality and customer satisfaction as service quality is a global judgment or attitude, relating to the superiority of the service, whereas satisfaction is related to specific transaction.

In addition to the argument between the two constructs many arguments have been made to show the relation among service quality, customer satisfaction and customer loyalty. Numerous studies have attempted to find the interrelationships among service quality, customer satisfaction and customer loyalty in banking industries. Almost all researches confirm that service quality and customer satisfaction are predictor of customer loyalty.

2.5.2. Customer Satisfaction

Customer satisfaction is another antecedent of customer loyalty. In the highly competitive business world of today, customer satisfaction can be seen as the substantial of success, as customer satisfaction can lead to customer retention and therefore to profitability for organization Jemal and Kamal (2004). Satisfaction is consumer's post-purchase evaluation and affective) response to the overall product or service experience. It is considered a

strong predictor for behavioral variables such as repurchase intentions, word-of-mouth recommendations and loyalty.

Customer satisfaction is a concept that has been widely debated in literature and for which numerous definitions have been made, but researcher has yet to develop a consensual definition of this concept Beerli et al. (2004). In this sense, Oliver (1997) notes that “Everyone knows what (satisfaction) is until asked to give a definition. Then it seems, nobody knows.

According to Fornell (1992) identifies satisfaction as an overall evaluation based on the total purchase and consumption experience focused on the perceived product or service performance compared with pre purchase expectations overtime. Oliver (1999) regards satisfaction as a fulfillment for one-time consumption or ongoing consumption.

There are many models which are designed to gauge customer satisfaction; however, a model developed by Oliver (1980) has been used applied in different condition and settings. The model explains that when the customers compare their perceptions of actual product/service performance with the expectations, then the feeling of satisfaction arise. Any gap between the expectation and the actual performance create the disconfirmation Oliver (1980), identified three types of disconfirmation.

1. Positive disconfirmation occurs when product/service actual performance is greater than expectations. In this case, the customers are highly satisfied.
2. Negative disconfirmation occurs when product/service actual performance is less than expectations. In this case, the customers are highly dissatisfied.
3. Zero disconfirmation occurs when product/service actual performance is equal to expectations.

The level of satisfaction is always high when the customer gives minimum price and get maximum of usage and profit Jamal and Kamal (2004). Dissatisfaction usually occurs when the pricing issues are not suiting the needs of the customers. In banking industry also, the interest rates on loans and charges on the usage of online service such as ATM machines and the processing fee is a major bone of contention between the bank and its customers. If the customer thinks that the charge is more than the need he churns. The customer initially tries to compromise with the bank but at certain point he decides to defect. Nowadays, it has become too easy to open an account in any other bank so the

switching cost is also minimal. These all factors help customers to switch from the current bank. The response of customers plays a pivot role in the overall satisfaction graph of the provider. If a customer is satisfied, the loyalty injects automatically and customer remains with the current providers for a longer and longer period of time. Fox and Poje (2002)

2.5.3. Switching Cost

Switching cost is a factor that makes it difficult or costly for customer to change providers. Another brand loyalty determinant is known as switching cost, which can be defined as the technical, financial or psychological factors which make it difficult or expensive for a customer to change brand Shergill and Bing (2006). Porter (1998) defines switching cost as one-time cost facing the buyer when switching from one supplier's product to another's. In addition to objectivity measurable monetary costs, switching costs may also pertain to the time and psychological effort involved in facing the uncertainty of dealing with a new service provider Bloemer, Tutyer and Wetfelts (1998). Hence, switching cost is partly consumer-specific. For this reason, a switching cost can be seen as a cost that deters customers from demanding a rival firm's brand Aydin and Ozer (2005). There are certain factors are identified such as financial factors like bank changes, interest rate on credit facilities and cost of service charge and technical factors like efficient operating system make it very costly or almost impossible for a customers to seek an alternative. Shergill and Being (2006)

When the cost of switching brand are high for the customer, there is a great probability that the customer will remain loyal in terms of repeat purchase behavior, because of the risk or expense involved in switching and because of the accompanying decrease in the appeal of other alternatives. Kon (2004)

2.5.4. Trust

According to Morgan and Hunt (2004) trust has been defined as the willingness of customers to rely on an exchange partners in who one has confidence or confidence in an exchange partners reliability and integrity. Chaudhuri and Holbrook (2001) define brand trust as the customer's willingness to rely on the ability of the brand to perform its stated function. According to Berry (1983) Trust causes dedication because it reduces the cost of negotiating agreements and lessens customer's fear of opportunistic behavior by the service provider. According to Lin and Wang (2006) states that trust is the perceived level of confidence in transaction partner's reliability and honesty. Trust is the belief that a

partner's word or promise is reliable and party will fulfill his/her obligation in the relationship Schurr and Ozann (1985). It is an important construct in the relational exchange because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships.

Several authors in their literature reinforced the importance of the relationship between trust and loyalty Morgan and Hunt (1994). Two components of trust are described by Ball, Coelho and Maclas (2004) as: credibility trust is one's perceived reliability of his business partner and benevolence trust is established when one is genuinely concerned about the welfare of his business partner and does not reflect an opportunistic behavior. They further argue in business to consumer (B2C) context, benevolence trust may be a strong determinant of loyalty. Furthermore, benevolence trust may be critical in retail banking because the consumer may perceive it difficult to switch due to the powerful position of the firm Ball et al. (2004). Creating trust in customer mind set is important for companies. Additionally, Morgan and Hunt (1994) recommend that brand trust prompts brand loyalty and commitment because trust creates exchange relationships that are highly valued.

2.5.5. Commitment

According to Morgan and Hunt (1994) Commitment is defined as a desire to maintain a relationship. Commitment stems from trust, shared values and the belief that it will be difficult to find partners that can offer the same value. Commitment encourages partners to collaborate in order to preserve investments in the relationships. According to Meyer and Allen (1997) identified three component model of commitment to organization these are Affective commitment is refers to an enhancement of desire based organization. Normative commitment is refers to an obligation should remain with the organization. Instrumental commitment is refers to the client should stay in the organization .With this three component model. Meyer and Allen (1997) defined Commitment as a force that binds an individual to buy from a supplier that can be affective, normative or instrumental.

Commitment is important determinant of the strength of marketing relationships and useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency Morgan and Hunt (1994). They defined commitment as an enduring desire to maintain a valued relationship. This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial. According to Ndubisi (2007) suggested that, when commitment is higher among individuals who believe

that they receive more value from a relationship, highly committed customers should be willing to reciprocate effort on behalf of a firm due to past benefit received and highly committed firms will continue to enjoy the benefit of such reciprocity.

2.5.6. Research Hypothesis

The researcher proposed the following null hypothesis (H_0) and alternative hypothesis (H_a) tested using Pearson's correlation and multiple linear regressions.

H1₀: Perceived quality has no positive and significant influence in determining customer loyalty

H1_a: Perceived quality has positive and significant influence in determining customer loyalty

H2₀: Customer satisfaction has no positive and significant influence in determining customer loyalty

H2_a: Customer satisfaction has positive and significant influence in determining customer loyalty

H3₀: Switching cost has no positive and significant influence in determining customer loyalty

H3_a: Switching cost has positive and significant influence in determining customer loyalty

H4₀: Trust has no positive and significant influence in determining customer loyalty

H4_a: Trust has positive and significant influence in determining customer loyalty

H5₀: Commitment has no positive and significant influence in determining customer loyalty

H5_a: Commitment has positive and significant influence in determining customer loyalty

2.5.7. Conceptual Framework

The conceptual framework is the researcher's own model and it explains the relationship between independent and dependent variable. According to Chen (2009), an independent variable is one that affects the dependent variable in a positive or negative way and the dependent variable is the variable of primary interest to the researcher.

This research tried to identify the factors that influencing customer loyalty in banking industries of Ethiopian. In order to do this, the previous studies were reviewed. According

to Beerli, Martin and Quintana (2004) the factors which have influenced the customer loyalty in banking industry have been selected are perceived quality, satisfaction and switching cost. Also more models in these categories were reviewed to see whether there are more factors that can be consider in banking industry or not Moutinlo and Smith (2000) Lauren and Lin (2003). So, the loyalty model for other industries considered in the reviewing of the literature. And finally according to Lauren and Lin (2003) Lin and Wang (2006) two more factors which mentioned in the loyalty model and could be considered in banking industries are trust and commitment. So the research added them as factors that influence customer loyalty. Due to the above literature review, the researcher tired to identify the influence of perceived quality, satisfaction, switching cost, trust and commitment on customer loyalty in Ethiopian bank industries.

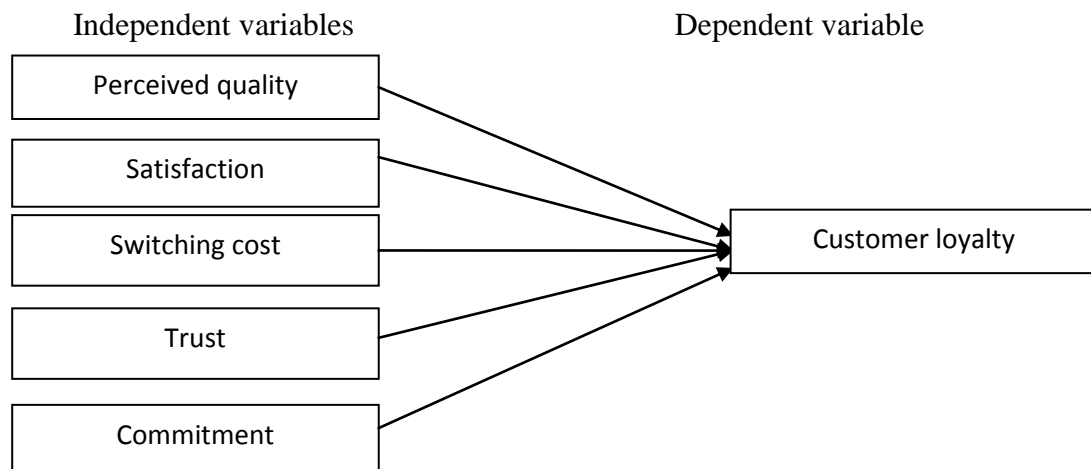


Figure 2.1: The Proposed Model for Customer Loyalty

Sources: Beerli, Martin and Quintana (2004), Lauren and Lin (2003) and Lin and Wang (2006).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Description of the Study Area

The purpose of this study was to identify the factors influencing customer loyalty empirical evidences from the banking industry in Ethiopia. To do this, the researcher tried to present the research methodology in this study including research approach, research design, target population and suitable sample, data type and source, data collection procedures, data analysis, ethical consideration, data collection instrument and validity and reliability.

3.2. Research Approach

According to Saunders, Mark and Thornhill (2000) there are two research approaches are deductive approach and inductive approach. The deduction approach concentrates on using the literature to identify theories and ideas that the researcher will test using data. In contrast, the inductive approach involves collecting data and developing theory based on the results of data analysis. In this study the researcher used deductive approach, because theory was first adopted as a framework for developing and testing hypothesis.

Survey strategy is popular in social sciences and associated with deductive research approach Saunders et al. (2000). This study employs survey method to identify factors influence customer loyalty with cross-sectional field survey, independent and dependent variables are measured at the same point in time using a single questionnaire.

The research used mixed-method approach, which are both quantitative and qualitative approaches. Mixed-approach allow researchers to be more confident of their results, stimulates the creation of inventive methods, new way of capturing a problem to balance with conventional data collection methods and also helps to find out the unexpected dimension of phenomenon. Further using mixed, method help to reduce the limitation of purely qualitative or quantitative studies and able to combine the benefit of both methods. Quantitative approaches used for the data collected from respondents through questionnaire to provide a more complete picture of evaluation; this study also applied qualitative approaches for the data that will be gathered from interview.

3.3. Research Design

The research design reflects the purpose of the inquiry, which can be classified into three categories:-

Exploratory study: this category purpose is to seek new insights and find out what is happening. There is an attempt to ask questions and assess phenomena in new light. This type of research is usually adopted in early stage of research where the concept is not clear enough to develop an operational definition. A more qualitative approach often underpins this sort of inquiry and focus is on obtaining new insights into current situation and issues.

Descriptive study: It refers to the type of research that aimed to obtaining information on current state of phenomena. This type of research set out to provide an accurate profit of situation, it is necessary to have a clear picture of the phenomena of which the data will be collected prior to the collection of the data.

Explanatory study: explains a situation or problems usually in the form of casual relationships. This type of research helps one to get fresh insight into a situation in order to build, elaborate, extend or test theory. The prime objective of explanatory research is to identify issues and key variable in a given research problems.

The researcher used both descriptive and explanatory research. The researcher knows what want to investigate but will not sure about the answer, so chose descriptive research. Also the relationship between variable discovered, it also used explanatory research.

3.4. Data Type and Source

The study used both primary and secondary source of data.

3.4.1. Primary Source

This study applied primary data, which will be collected through survey method using a questionnaire and semi structure interview.

3.4.2. Secondary Source

Appropriate secondary data examined from the organization publication and report produced books, literature, websites (internet) and available source for conducting the research.

3.5. Population and Sampling

3.5.1. Target Population

A population is defined as the complete numbers of components: organization individuals, or items that are measured as the sample of the study Saunders et al. (2000). The population that is being studied is also called target population. The target population for this study is all bank customers.

3.5.2. Sampling Techniques

The researcher selected five banks using simple random sampling techniques, which are Commercial Bank of Ethiopia, Awash Bank, Nib Bank, Dashen Bank & Zemen Bank from banking industry of Ethiopia. According to Zikmund (2003) convenience sampling is very beneficial in order to obtain a large number of completed questionnaires quickly and economically. Hence, in this study branches only found in Addis Ababa was chosen using convenience sampling. It helps to reduce cost of data collection and time. Proportionate stratified sampling used to determine the number of respondent in each bank as follow:

Table 3.1: Proportionate Stratified Sampling Respondent in Each Bank

	Total Number of branches	Number of branch in A.A	Number of respondent in each bank
Commercial Bank of Ethiopia	1,409	524	210
Awash Bank	260	171	69
Dashen Bank	343	144	58
NIB Bank	218	110	44
Zemen Bank	16	7	3
Total		956	384

Since there has not been a dependable and accurate Data Base Management System (DBMS), it is practically impossible to have the sampling frame showing the list of every customer of both public and private banks. Due to the above reason, the researcher will use convenience sampling for selection of customers who will be the sampling respondents.

3.5.3. Sample Size

The sample size of this study are determined by using the proposed sampling formula by Cochran (1997)

$$n_0 = \frac{Z^2 \times P (1 - p)}{e^2}$$

Where, n_0 = is the sample size

Z = is the two tailed area under the normal curve where $\alpha = 0.05$ and the z value is 1.96

e = is the acceptable sampling error

p = is the population of a proportion with a desired attribute (Assumed to be 0.5 which maximizes the sample size to be determined)

The researcher uses the values and an acceptable sampling error is given as 5% (0.05 or +/- 5 percentage point), the sample size is determined as: this gives the sample size to be approximately 384

$$n_0 = \frac{1.96^2 \times .5 \times .5}{0.05^2} = 384$$

3.6. Data Collection Method

The study was conducted through self-administered questionnaire and semi structured interview to identify factors that influencing customer loyalty. The original questionnaire had been done in Spain by Beerli et al. (2004) in Taiwan by Lin and Wang (2006) and in Iran by Abdollahi (2007). Hence, the researcher combined those three questionnaires and added some more to them. The duplicated questions omitted. Due to the different environment between banking industry in Ethiopia and other countries, questions are checked to see whether they need localized change or not and few questions are add to the factors. Finally the questionnaires are translated to Amharic for being simple to understand by respondent. The questionnaire used five point likert type scale (5 = strongly disagree, 4 = disagree, 3 = neutral, 2 = agree, 1 = strongly agree). In addition, supporting semi structure interview with managers and Customer Service Managers (CSM) were undertaken.

3.7. Data Analysis and Interpretation

After collection of data, field and in-house editing and coding has made. The data entry has done by using Statistical Process for Social Science (SPSS). As well as tables, frequencies and percentages used to display the survey results.

Quantitative analysis techniques employed to demonstrate processed data through the use of descriptive statistical tools such as frequency, valid percentages, minimum and maximum value, mean and standard deviation of results with the help of SPSS, by employing descriptive and inferential analysis techniques. Descriptive analysis used to describe the data collected from questionnaire in terms of frequency, percentage, mean and standard deviation.

3.7.1. Pearson's Correlation Analysis

According to Zikmund (2003), the most proper technique to analyze the relationship between the variables is the Pearson analysis. Pearson's correlation is designed by the Greek letter rho (ρ) when measured in population. On the contrary, when it is measured in sample, it is designated by (r), since the researcher was draw on sample in this study; Pearson's (r) would be used.

The researcher applied the Pearson correlation to identify the relationship between perceived quality, satisfaction, switching cost, trust, commitment and customer loyalty. The expression of the correlation coefficient (r) is called Pearson's product moment coefficient correlation (Bivariate) and it is used to measure the relationship between two variables. Zikmund (2003) stated that the formula for calculating the Pearson's correlation coefficient (r) for two variables x and y as follows:

$$r_{xy} = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{n S_x S_y}$$

Where; x_i = Each x value

y_i = Each y value

\bar{x} = Mean of the x values

\bar{y} = Mean of the y values

n = Number of paired values

S_x = Standard deviation of x values

S_y = Standard deviation of y values

According to Zikmund (2000), a correlation coefficient indicates for both the magnitude of the linear relationship and the direction of the relationship. The correlation coefficient is ranged from +1.0 to -1.0. If the value of r is +1.0, there is a perfectly positive linear relationship (straight line), and variable changes in the same direction as other variables. If the value of r is -1.0, there is a perfectly negative linear relationship and the variable changes in the opposite way as other variables.

3.7.2. Multiple Linear Regression Analysis (MLR)

According to Hair, Bush and Ortinau (2000) multiple linear regression analysis is used to analyze the relationship between single dependent variables and multiple independent variables. The real objective of using MLR is to predict the single dependent values, which is selected by the researcher with the use of independent variables which values are known. Each independent variable is weighted by regression analysis procedure. These weights of independent variables, which were calculated by regression analysis, denote their contribution of independent variables to overall prediction.

The researcher has select five independent variables which are perceived quality, satisfaction, switching cost, trust and commitment and, one dependent variable, which is customer loyalty.

The equation of Multiple Linear regression is;

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots \beta_n x_n + \varepsilon$$

Where;

Y = customer loyalty

X_1 = perceived quality

X_2 = customer satisfaction

X_3 = switching cost

X_4 = Trust

X_5 = Commitment

$\beta_0, \beta_1, \dots \beta_n$ = Model parameters (regression coefficient)

ε_i = random error

The researcher also used qualitative analysis technique for analyzing the collected data from interview and secondary data in order to display the result in the form of narration with the help of descriptive narration and content analysis techniques.

3.8. Validity and Reliability

Validity is concerned with whether the findings are really about what they appear to be Saunders et al. (2000). The researcher applied Construct validity; it is establishing correct operational measures for the concept being studied.

To increase validity, the researcher has done pilot taste the questionnaire to fifteen customers of the bank to see whether the questionnaire were clear and understandable or not. And questionnaire has given to respondent face-to-face. If they face any difficulty while filling out the questionnaire the ambiguity were explained. So the researcher made modification on questionnaire. In addition, meeting was arranged in semi structure interview with managers.

Reliability is one of the major criteria for evaluating research instruments. Cronbach's alpha is widely used measure of internal consistency (reliability). It uses to check the reliability of the data collection instrument (questionnaire) for the study. With the Chronbach's alpha of each variable is found to be ≥ 0.70 , then it has taken as reliable. However, according to Devellis (2012) the most commonly accepted rule for describing internal consistency using cronbachs alpha (α) is as follows

Table 3.2: Internal Consistency Using Cronbachs Alpha

Cronbachs Alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: Devellis (2012)

3.9. Research Ethics

According to Kumar and Kandasamy (2010), ethical consideration in the research work are everyone has the right to determine whether or not to participate in this research, the research participant has right to safely from physical or psychological, the research participant have the right to be informed of all aspects of a research task and all individuals have the right to privacy.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. Results of the Study

The purpose of this study was to identify factors that influence customer loyalty of banking industry in Ethiopia. The data was obtained through questionnaire and interview. The prepared questionnaires were distributed to 384 respondents. From 384 respondents those potential respondents 366(95.3%) of them filled and returned the questionnaires to the researcher. While, 18(4.7%) respondents were failed to return back the questionnaires. Based on this, the non-return rate 18(4.7%) were which is tolerable to proceed to the analysis. 4.7% non- return rate would not reduces too much the sample size so that the researcher able to continue with those 366 sample population for analysis.

4.1.1. Reliability Analysis

Reliability is one of the major criteria for evaluating research instruments. According to Cronbach(1951) cronbach's alpha (α) is widely used measure of internal consistency (reliability). It uses to check the reliability of the data collection instrument (questionnaire) for the study.

Table 4.1: Reliability Analysis

		Cronbach's Alpha	No. of Items
1	Perceived quality	.866	8
2	Customer Satisfaction	.818	4
3	Switching cost	.673	3
4	Trust	.868	6
5	Commitment	.842	5
6	Customer loyalty	.708	8
Overall		.892	34

Source: Field survey, 2018 computed by SPSS, 20

As shown in table 4:1, the value of Cronbach's alpha is reported in the Reliability Statistics table for each dimensions of customer loyalty. The perceived quality alpha coefficient is 0.866 which shows that the internal consistency is good. The alpha coefficient for customer satisfaction dimension is good with 0.818. The alpha coefficient for switching cost

dimension is 0.673. Even though, according to Devellis (2012) the internal consistency is questionable, the alpha coefficient result is closer to 0.7 it can be considered as acceptable internal consistency. The alpha coefficients for trust dimensions are reliable it shows 0.868. The alpha coefficients for commitment is 0.842 this show that the internal consistency is good. The alpha coefficient for the dependant variable which is customer loyalty 0.708 it shows that acceptable internal consistency. Checking the reliability test by taking the overall dimensions together gives us the more reliable alpha coefficient which is 0.892. Which indicated high reliability, this has an implication that if this questionnaire administered on similar environment in different scenario, the result would be 89.2% similar. This is an encouraging result to proceed to other issue in the analysis, because the reliability issue answered properly.

4.1.2 Demographic or General Information of Respondent

4.1.2.1 Gender of Respondent

Table 4.2: Gender of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Sex of respondents	Female	173	47.3	47.3	47.3
	Male	193	52.7	52.7	100.0
	Total	366	100.0	100.0	

Source: Field survey, 2018 computed by SPSS, 20

As shown in table 4.2 above, more than half of the respondents 193 (52.7%) whose questionnaires were usable were male customers of the bank. On the other hand, a little less than a half of the subjects 173 (47.3%) were female.

4.1.2.2 Age of the Respondent

Table 4.3: Age of the Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Under 20years	11	3.0	3.0	3.0
20-35years	183	50.0	50.0	53.0
35-49years	97	26.5	26.5	79.5
50-65years	40	10.9	10.9	90.4
Above 66years	35	9.6	9.6	100.0
Total	366	100.0	100.0	

Source: Field survey, 2018 computed by SPSS, 20

The survey revealed that the age of respondents were in all age groups of customers. The majority of the respondents 183 (50%) were fall in the age range of 20 to 35 while 11(3 %) were below 20 age which held the smallest age group of bank customers. The next highest group of respondents was from age group 36 – 49. As a whole, the majority (more than 75%) of the study participants were in age group 20 – 49, which implies the highest productive age group.

4.1.2.3 Education Qualification of Respondent

Table 4.4: Education Qualification Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Education qualification of respondent	Primary	3	.8	.8
	Secondary	22	6.0	6.8
	Diploma	54	14.8	21.6
	Degree	221	60.4	82.0
	Masters	64	17.5	99.5
	PHD & Above	2	.5	100.0
	Total	366	100.0	

Source: Field survey, 2018 computed by SPSS, 20

In terms of educational attainment, more than half of the respondents 221(60.4%) have earned BA degree, while 64 (17.5%) have earned masters, contrary only 2 respondents (0.5%) have PhD of the total customers of the bank, This indicate that majority of customers of the bank are university graduates, who have good access to information about the bank facilities.

4.1.2.2 Occupation of Respondent

Table 4.5: Occupation of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Occupation of respondent	private sector	153	41.8	41.8	41.8
	Government sector	100	27.3	27.3	69.1
	Owen business	68	18.6	18.6	87.7
	Student	15	4.1	4.1	91.8
	Others	30	8.2	8.2	100.0
	Total	366	100.0	100.0	

Source: Field survey, 2018 computed by SPSS, 20

About occupation of respondents, 153 (41.8%) of respondents were from private sector and 100(27.3%) were from government sector of the survey and 68 (18.6%) of respondent were Owen business. Therefore, most of the customers of available in the survey were private sector and government sector.

4.1.2.3 Monthly Income of Respondent

Table 4.6: Monthly Income Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Monthly income of respondent	Belowbirr3000	45	12.3	12.3	12.3
	Birr3000-5999	87	23.8	23.8	36.1
	Birr6000-8999	84	23.0	23.0	59.0
	Birr9000-11999	53	14.5	14.5	73.5
	Birr12000-14999	49	13.4	13.4	86.9
	Birr15000&Above	48	13.1	13.1	100.0
	Total	366	100.0	100.0	

Source: Field survey, 2018 computed by SPSS, 20

In terms of respondents' income, majority of respondents' 171(46.8%) were earned in the range 3000 – 8999 birr. As it can be seen in the table above almost all respondents earn better income, which was above birr 3000.

4.1.2.4 Years of Respondent Use Bank Service

Table 4.7: Years of Respondent Use Bank Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Number of years respondent use bank service	Below 1 year	30	8.2	8.2	8.2
	1-5 years	119	32.5	32.5	40.7
	5-10 years	72	19.7	19.7	60.4
	10-15 years	71	19.4	19.4	79.8
	Above 15 years	74	20.2	20.2	100.0
	Total	366	100.0	100.0	

Source: Field survey, 2018 computed by SPSS, 20

With regards to Number of year's respondent use bank service, 119 (32.5%) respondents 1-5 years, 72(19.7%) respondents 5-10 years and 74 (20.2%) respondents above 15 years use bank service. The highest percentage of the respondent was 119 (32.5%) 1-5 years of experience in using the bank. The group of respondents having 5 – 10 years, or 10 – 15 years or greater than 15 years in use had almost equally represented in the sample data.

4.1.3 Descriptive Analysis of Variables

Descriptive statistics showed the summarization of collecting of data to be clear and understandable and it also the procedure for classifying, analyzing, interpreting, and describing the data. The calculation of the mean, frequency distribution, and percentage distribution will be applied to summarize the data in this study.

The researcher tried to examine the factors that influence customer loyalty, which are perceived quality, customer satisfaction, trust and commitment. Using statistical tools like number, percentage, mean and standard deviation. As follow:

4.1.3.1 Perceived Quality

As to the perceived quality for customers the researcher raise questions like: the bank facilities, materials associated with the services, error free service provision, Duration of time to provide service by the employees and the like. In those questions, the respondents asked to show their agreement or their disagreement in five scales.

Table 4.8: The Analysis of Perceived Quality by using Frequency, Percent, Mean and Standard Deviation

Total sample = 366		Frequency	Percent		Mean	SD
The bank facilities are attractive and modern such as internet, telephone banking etc...	Strongly disagree	23	6.3		3.52	1.131
	Disagree	48	13.1	19.4		
	Neutral	80	21.9			
	Agree	144	39.3			
	Strongly agree	71	19.4	58.7		
Materials associated with the services are visually clean, tidy, intact and enough in this bank	Strongly disagree	13	3.6		3.43	.993
	Disagree	53	14.5	18.2		
	Neutral	105	28.7			
	Agree	152	41.5			
	Strongly agree	43	11.7	53.2		
This bank insist on providing the services error-free	Strongly disagree	18	4.9		3.22	1.038
	Disagree	80	21.9	26.8		
	Neutral	102	27.9			
	Agree	135	36.9			
	Strongly agree	31	8.5	45.4		
Employees of this bank solve your problems when they promise to do so	Strongly disagree	27	7.4		3.47	1.084
	Disagree	40	10.9	18.3		
	Neutral	81	22.1			
	Agree	170	46.4			
	Strongly agree	48	13.1	59.5		
The bank employees are fast enough in providing the service	Strongly disagree	17	4.6		3.58	1.122
	Disagree	57	15.6	20.2		
	Neutral	67	18.3			
	Agree	148	40.4			
	Strongly agree	77	21.0	61.4		
Employees of this bank are aware of when exactly service will be performed	Strongly disagree	13	3.6		3.70	.981
	Disagree	34	9.3	12.9		
	Neutral	68	18.6			
	Agree	187	51.1			
	Strongly agree	64	17.5	68.6		

Total sample = 366		Frequency	Percent		Mean	SD
Employees of this bank are constantly courteous to you	Disagree	65	17.8	17.8	3.59	.960
	Neutral	80	21.9			
	Agree	162	44.3			
	Strongly agree	59	16.1	60.4		
Employee of this bank understand your special needs	Strongly disagree	55	15.0		3.29	1.278
	Disagree	36	9.8	24.8		
	Neutral	81	22.1			
	Agree	135	36.9			
	Strongly agree	59	16.1	43		
Perceived quality					3.4780	.77378

Source: Field survey, 2018 computed by SPSS, 20

As it can be seen in table 3, 58.7 % of respondents shown their agreement level for attractiveness of the bank facilities, 53.2% of customers agreed on cleanness of Materials associated with the services, 45.4% of respondents were agreed on provision of error free services in the bank, 59.5% of customers were agree on Employees capacity for solving their problems, 61.4% of the respondent were agreed with fast service provision of the bank. In general, the respondents' agreement level ranges from 43% to 68.6% and also their disagreement level range from 12.9% to 26.8% for issues related to perceived quality. The agreement level of the respondents is much higher than their disagreement regarding issues raised in perceived quality. This has an implication that the majority of respondents (43% to 68.6%) got the perceived quality of the bank as per their expectation.

On the other hand the researcher was used mean and standard deviation for evaluating responses. In literature, above 3 average scores of five likert scale will consider as agreement.

The total mean score of perceived quality was 3.478 with SD= 0.773. In both statistical tools the agreement was confirmed.

4.1.3.2 Customer Satisfaction

Table 4.9: The Analysis of Customer Satisfaction by Using Frequency, Percent, Mean and Standard Deviation

Total sample = 366		Frequency	Percent	Mean	Std. Deviation
This bank meet my needs	Strongly disagree	15	4.1	3.64	1.037
	Disagree	38	10.4		
	Neutral	82	22.4		
	Agree	160	43.7		
	Strongly agree	71	19.4		
The bank I work with is like my expectations of an ideal bank	Strongly disagree	14	3.8	3.65	.994
	Disagree	35	9.6		
	Neutral	77	21.0		
	Agree	178	48.6		
	Strongly agree	62	16.9		
According to my experiences, I'm satisfied with this bank	Strongly disagree	11	3.0	3.76	1.039
	Disagree	37	10.1		
	Neutral	74	20.2		
	Agree	150	41.0		
	Strongly agree	94	25.7		
In comparison to other banks, I consider this bank and its service successful	Strongly disagree	8	2.2	3.81	.916
	Disagree	29	7.9		
	Neutral	59	16.1		
	Agree	198	54.1		
	Strongly agree	72	19.7		
Customer Satisfaction				3.7165	.80265

Source: Field survey, 2018 computed by SPSS, 20

About 65.3% of the respondents agreed in meeting the needs of the customers. On the other hand, more than half (65.5%) of a bank customers considered an ideal bank for the bank they are working, In addition to this majority of respondents (65.7%) were shown their satisfaction level with the bank services they got.

The total mean score of customer satisfaction was 3.716 with SD = 0.802 which is closer to 4; and 4 represent agreement for the issues related for customer satisfaction.

4.1.3.3 Switching Cost

Table 4.10 the analysis of switching cost by using frequency, percent, mean and standard deviation

Total sample = 366		Frequency	Percent	Mean	Std. Deviation
To change to another bank involves investing time in searching for information about other banks	Strongly disagree	152	41.5	1.94	.966
	Disagree 72.1	112	30.6		
	Neutral	76	20.8		
	Agree	24	6.6		
	Strongly agree	2	.5		
To change to another bank will lose a lot of personal relationship with current bank employee and management	Strongly disagree	122	33.3	2.07	.987
	Disagree 70.2	135	36.9		
	Neutral	77	21.0		
	Agree	26	7.1		
	Strongly agree	6	1.6		
To change to another involves a risk in choosing another bank which might turn out not to satisfy me	Strongly disagree	141	38.5	2.01	.986
	Disagree 68.6	110	30.1		
	Neutral	92	25.1		
	Agree	17	4.6		
	Strongly agree	6	1.6		
Switching cost				2.0052	.76200

Source: Field survey, 2018 computed by SPSS, 20

Regarding switching cost raised 3 questions regarding to the problems occur during switching to other banks. Majority of respondents (from 68.6 to 72.1) were saying the switching cost to other bank is minimal. The respondent has confirmed this idea by negating (disagreeing) for proposed ideas. For instance 72.1% were not afraid investing time in searching for information, 70.2% were not giving too much weight for losing of personal relationship with current bank employee and also 68.6% were not scared involves a risk in choosing another bank.

The total mean score of switching cost was 2.005 with SD = 0.762 which is almost equal to 2; and 2 represent disagreement for the issues related for switching cost.

4.1.3.4 Trust

Table 4.10: the analysis of trust by using frequency, percent, mean and standard deviation

Total sample = 366		Frequency	Percent	Mean	Std. Deviation
This bank provides its service at the time it promises to do	Strongly disagree	11	3.0	3.85	.938
	Disagree	22	6.0		
	Neutral	61	16.7		
	Agree	190	51.9		
	Strongly agree	82	22.4		
I have confidence in the bank service	Strongly disagree	2	.5	4.16	.855
	Disagree	17	4.6		
	Neutral	46	12.6		
	Agree	157	42.9		
	Strongly agree	144	39.3		
According to my experience, the bank can be trusted completely	Strongly disagree	8	2.2	4.14	.942
	Disagree	19	5.2		
	Neutral	35	9.6		
	Agree	156	42.6		
	Strongly agree	148	40.4		
This bank have honest employee	Strongly disagree	5	1.4	4.21	.883
	Disagree	8	2.2		
	Neutral	58	15.8		
	Agree	129	35.2		
	Strongly agree	166	45.4		
Banking services rendered safe	Strongly disagree	1	.3	4.07	.926
	Disagree	30	8.2		
	Neutral	48	13.1		
	Agree	149	40.7		
	Strongly agree	138	37.7		
Bank's policies and practiced activities worthy of mutual trust and respect toward customers	Strongly disagree	10	2.7	3.99	1.018
	Disagree	28	7.7		
	Neutral	47	12.8		
	Agree	152	41.5		
	Strongly agree	129	35.2		
Trust				4.0698	.72089

Source: Field survey, 2018 computed by SPSS, 20

Regarding getting services as promised, 74.3% of the respondents were positively responded. On other hand the researcher asked the respondents about confidence in the bank services, about 82% of respondent confirmed their confidence towards the bank services. Safety is another issue raised by the researcher 78.4% of respondents has confirmed that the services rendered safe. 74.3% to 83% respondents were shown their agreement almost in all issue concerning established trust in bank industry.

The total mean score of trust was 4.069 with SD = 0.7208 which is almost equal to 4; and 4 represent agreement for the issues related for trust.

4.1.3.5 Commitment

Table 4.11: The Analysis of Commitment by Using Frequency, Percent, Mean and Standard Deviation

Total sample = 366		Frequency	Percent	Mean	Std. Deviation
Bank is committed to provide banking service to customers in according with the specifications and quality required	Strongly disagree	6	1.6	3.83	.880
	Disagree	24	6.6		
	Neutral	71	19.4		
	Agree	192	52.5		
	Strongly agree 72.4	73	19.9		
The bank offers personalized service to meet customers need	Strongly disagree	8	2.2	3.72	.904
	Disagree	31	8.5		
	Neutral	74	20.2		
	Agree	196	53.6		
	Strongly agree 69.2	57	15.6		
Bank is committed to solve any encountered problems facing customers as soon as possible without any delay	Strongly disagree	14	3.8	3.66	.988
	Disagree	31	8.5		
	Neutral	84	23.0		
	Agree	173	47.3		
	Strongly agree 64.8	64	17.5		
Bank is committed to provide banking service on time in response to customer and customer conditions	Strongly disagree	16	4.4	3.72	.978
	Disagree	25	6.8		
	Neutral	68	18.6		
	Agree	192	52.5		
	Strongly agree 70.3	65	17.8		
Bank is committed to follow up the way's of providing banking service to customers before and after	Strongly disagree	16	4.4	3.67	1.056
	Disagree	37	10.1		
	Neutral	78	21.3		
	Agree	157	42.9		
	Strongly agree 64.2	78	21.3		
Commitment				3.7191	.75432

Source: Field survey, 2018 computed by SPSS, 20

On commitment issues, the most indicators that the customer agreed were 'bank is committed to its specifications and quality required' which held 72.4%. On other hand 70.3% respondents were shown their agreement on issue 'Bank is committed to provide banking service on time in response to customer'. A positive response was given by the majority of respondents (69.2%) to issue related to 'Bank is committed to meet customers need'.

The total mean score of commitment was 3.719 with SD = 0.754 which is approach to 4; and 4 represent agreement for the issues related for commitment.

4.1.3 Correlation Analysis

Correlation determines whether and how strong pairs of variables are related. The correlation analysis can help to know whether there is a relationship between any two variables and also to examine linear relationship between the variables using the Pearson R correlation coefficient. This coefficient indicates the direction and the strength of a linear relationship between two variables.

According to Zikmund (2000) a correlation coefficient indicates for both the magnitude of the linear relationship and the direction of the relationship. The correlation coefficient is ranged from +1.0 to -1.0. If the value of r is +1.0, there is a perfectly positive linear relationship (straight line), and variable changes in the same direction as other variables. If the value of r is -1.0, there is a perfectly negative linear relationship, and the variable changes in the opposite way as other variables.

In this study, (x) represents independent variables which are perceived quality, customer satisfaction, trust, and commitment and (y) represents dependent variable which is customer loyalty. The correlation analysis value, (r) value is between +1 to -1 and the following list shows the interpretation of correlation coefficient value between the two quantitative variables.

Table 4.12: Interpretation of various correlation coefficient values (r) values and the Measurement of the strength of association

r-value	The Strength of Association
0.81 to 0.99	Very strong positive relationship
0.61 to 0.80	Strong positive relationship
0.41 to 0.60	Moderate positive relationship
0.21 to 0.40	Weak positive relationship
0.01 to 0.20	Very weak positive relationship
0	No relationship
- 0.01 to - 0.20	Very weak negative relationship
- 0.21 to - 0.40	Weak negative relationship
- 0.41 to - 0.60	Moderate negative relationship
- 0.61 to - 0.80	Strong negative relationship
- 0.81 to - 0.99	Very strong negative relationship

Source: Hussey (1997)

Table 4.13: Correlations between independent variables and dependant variable

		Correlations				
		Perceived quality	Customer Satisfaction	Switching cost	Trust	Commitment
Perceived quality	Pearson Correlation	.338**				
	Sig. (2-tailed)	.000				
	N	366				
Customer Satisfaction	Pearson Correlation	.485**				
	Sig. (2-tailed)	.000				
	N	366				
Switching cost	Pearson Correlation	.146**	-.095			
	Sig. (2-tailed)	.005	.070			
	N	366	366			
Trust	Pearson Correlation	.463**	.616**	-.046		
	Sig. (2-tailed)	.000	.000	.379		
	N	366	366	366		
Commitment	Pearson Correlation	.456**	.560**	-.017	.728**	
	Sig. (2-tailed)	.000	.000	.743	.000	
	N	366	366	366	366	
Customer loyalty	Pearson Correlation	.338**	.552**	-.107*	.596**	.618**
	Sig. (2-tailed)	.000	.000	.041	.000	.000
	N	366	366	366	366	366

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Field survey, 2018 computed by SPSS, 20

4.1.4.1 The Relationship between Perceived Quality and Customer Loyalty

With respect to the relationship between overall perceived quality and overall customer loyalty, Pearson Product moment correlation indicated that perceived quality were positively correlated with overall customer loyalty ($r=.338$, $p < .01$). The value $r=.338$ indicate that perceived quality and customer loyalty have weak positive relationship.

4.1.4.2 The Relationship between Customer satisfaction and Customer loyalty

With respect to the relationship between overall customer satisfaction and customer loyalty, Pearson product moment correlation indicated that bank customer satisfaction with overall customer loyalty were significantly and positively correlated ($r=.552$, $p < .01$). The value $r=.552$ indicates moderate positive relationship between customer satisfaction and customer loyalty. High customer satisfaction leads to high customer loyalty. The relationship manifested grouped as moderate and positive.

4.1.4.3 The Relationship between Switching Cost and Customer Loyalty

Results from the Pearson product moment correlation analysis reveal that switching cost has very weak negative relationship with Customer loyalty. Switching cost negatively affect customers' loyalty. However, such an assumption further investigated in this study by using linear regression analysis to confirm any impact of factor on dependent variable.

4.1.4.4 The Relationship between Trust and Customer Loyalty

Pearson product moment correlation indicated that significant positive relationship between Trust and Customer loyalty ($r=0.596$, $P < 0.01$). The value $r=.596$ these indicate the highest moderate positive relation between trust and customer loyalty. When customer trust toward their bank increases, their loyalty also increases.

4.1.4.5 The Relationship between Commitment and Customer Loyalty

Pearson product moment correlation indicated that significant positive relationship between Commitment and Customer loyalty ($r=0.618$, $P < 0.01$). The value $r=.618$ indicate that commitment and customer loyalty have strong positive relationship.

4.1.4 Assumption Testing for Regression analysis

4.1.5.1 Normality Assumption

Screening data for assessing the normalization of variables is a critical step in multivariate analysis (Hair, 2010). Normality refers to the shape of a normal distribution of the variable (Robert, 2006). For variables with normal distribution the values of skewness and kurtosis are zero, and any value other than zero indicated deviation from normality (Hair, 2010). According to Hair (2010), the most commonly acceptable criteria value for (kurtosis/skewness) distribution is ± 2.58 . For this study, the variables fall within the range.

Table 4.14: Skewness and Kurtosis

		Perceived quality	Customer satisfaction	Switching cost	Trust	Commitment	Customer loyalty
Skewness	Statistic	-.651	-.820	-.621	-1.069	-.996	2.389
	Std. Error	.128	.128	.128	.128	.128	.128
Kurtosis	Statistic	-.321	.288	-.312	.740	.765	21.961
	Std. Error	.254	.254	.254	.254	.254	.254

Source: Field survey, 2018 computed by SPSS, 20

4.1.5.2 Homoscedasticity Assumption

It is the test of equal variance between pairs of variables (Robert, 2006). In order to ensure the fulfillment of this relationship between independent variables and dependent variable, the variance of dependent variable values must be equal at each value of independent variables (Hair, 2010). For this study all constructs have insignificant level of $p > 0.05$ of test for equality of variance. Thus the assumption is reasonably supported in this study.

4.1.5.3 Multicollinearity Assumption

Multicollinearity refers to the situation in which the independent variables are highly correlated. When independent variables are multicollinearity, there is “overlap” or sharing of predictive power (Dillon, 1993). This may lead to the paradoxical effect, whereby the regression model fits the data well, but none of the predictor variables has a significant impact in predicting the dependent variable (Robert, 2006).

The multicollinearity in this study was checked using the Tolerance and VIF value. As it is showed in the table all independent variables have a Tolerance value greater than 0.01 and VIF value less than 10. The VIF, Variance inflation factor, is computed as “1/Tolerance”, and it is suggested that predictor variables whose VIF values are greater than 10 may merit further investigation (Robert, 2006).

Table 4.15: Result for Multicollinearity Test

Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Perceived quality	.672	1.488
	Customer satisfaction	.543	1.841
	Switching cost	.941	1.062
	Trust	.401	2.492
	Commitment	.440	2.270

a. Dependent Variable: Customer loyalty

Source: Field survey, 2018 computed by SPSS, 20

4.1.6 Multiple Linear Regressions

In the previous section the focus was on measurement of the relationships between the variables. Here the research is taken a step further. In regression analysis we fit a model to our data and use it to forecast the value of the dependent variable from the one or more independent variables. This research uses multiple linear regression analysis (more than one predictor) to determine the value of the dependent variable.

Table 4.16: Model Summary

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.682 ^a	.466	.458	.73216	.466	62.723	5

a. Predictors: (Constant), Perceived quality, Customer satisfaction, switching cost, Trust and Commitment

b. Dependent variable, Customer loyalty

Source: Field survey, 2018 computed by SPSS, 20

The above table shows R, the multiple correlation coefficients with dependent variable, and it is the correlation between all of the predictor variables and the dependent variable. Larger values of R indicate stronger relationships. In this model, the value is 0.682, which indicates that dependent variable has strong relationship with the independent variables.

R Square is simply the squared value of R. This is frequently used to describe the goodness-of-fit or the amount of variance explained by a given set of predictor variables. The value 0.466 indicates that variation in customer loyalty can be explained by the independent variables in the model. In other word 53.4% of the change in Dependent variable-customer loyalty not explained, which means other factors which contributes for this change.

Table 4.17: ANOVA

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	168.114	5	33.623	62.723	.000 ^b
Residual	192.979	360	.536		
Total	361.093	365			

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), Perceived quality, Customer satisfaction, switching cost, Trust and Commitment

Source: Field survey, 2018 computed by SPSS, 20

The ANOVA table that describes the overall variance accounted for in the model. If the significance value of the F statistic is small (smaller than 0.05) then the independent variables do a good job explaining the variation in the dependent variable. If the significance value of F is larger than say 0.05 then the independent variables do not explain the variation in the dependent variable. The above ANOVA table has confirmed the explained variance by the model could truly explain the change in customer loyalty (F ratio = 62.723, P<0.05). In the above table, Perceived quality, Customer satisfaction, switching cost, Trust and Commitment are good determinant of Customer loyalty.

Table 4.18: Multiple Linear Regression Coefficient Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.182	.260		.703	.483
Perceived quality	-.023	.060	-.018	-.381	.704
Customer Satisfaction	.290	.065	.234	4.478	.000
Switching cost	-.087	.052	-.066	-1.673	.095
Trust	.287	.084	.208	3.421	.001
Commitment	.451	.077	.342	5.894	.000

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), Perceived quality, Customer satisfaction, switching cost, Trust and Commitment

Source: Field survey, 2018 computed by SPSS, 20

The equation of Multiple Linear regression is;

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots \beta_n x_n + \varepsilon$$

Where; Y = customer loyalty, X₁ = perceived quality, X₂ = customer satisfaction X₃ = switching cost, X₄ = Trust, X₅ = Commitment, β₀, β₁, ... β_n = Model parameters (regression coefficient) and ε_i = random error

Based on multiple linear regressions the result was;

$$Y = .182 + .023X_1 + .290X_2 - .087X_3 + .287X_4 + .451X_5$$

Table 4.19: Summary of Overall Outcome of the Research Hypothesis

Hypothesis	Result	Reason
H1_a : Perceived quality has positive and significant influence in determining customer loyalty	H1 _a :Not supported	β = -.018, p > 0.05
H1₀ : Perceived quality has no positive and significant influence in determining customer loyalty	H1 ₀ :Supported	
H2_a : Customer satisfaction has positive and significant influence in determining customer loyalty	H2 _a :Supported	β = 0.234, p < 0.05
H2₀ : Customer satisfaction has no positive and significant influence in determining customer loyalty	H2 ₀ :Not supported	

Hypothesis	Result	Reason
H3₀ : Switching cost has no positive and significant influence in determining customer loyalty	H3 _a :Not supported	$\beta = -.066, p > 0.05$
H3_a : Switching cost has positive and significant influence in determining customer loyalty	H3 ₀ :Supported	
H4_a : Trust has positive and significant influence in determining customer loyalty	H4 _a :Supported	$\beta = 0.208, p < 0.05$
H4₀ : Trust has no positive and significant influence in determining customer loyalty	H4 ₀ :Not supported	
H5_a : Commitment has positive and significant influence in determining customer loyalty	H5 _a :Supported	$\beta = 0.342, p < 0.05$
H5₀ : Commitment has no positive and significant influence in determining customer loyalty	H5 ₀ :Not supported	

Source: Field survey, 2018 computed by SPSS, 20

4.2. Discussion

The purpose of this study was to identify factors influence customer loyalty in the banking industry of Ethiopia. The prepared questionnaires were distributed to 384 respondents. From 384 respondents those potential respondents 366 of them filled and returned the questionnaires to the researcher. Based on the data obtained from respondents response analysis and discussion was made.

The demographic or general information of respondent part include the following items; sex of respondent, based on the researcher data collected analysis 193(52.7%) male and 173(47.3%) female respondents. In terms of age respondents the majority of respondents were in the age category of 20-35 years 183 (50%) followed by 35-49 years (26.5). Regarding educational level, the majority of respondents are degree holder 221(60.4%) followed by master holder 64(17.5). With regard to occupation; the majority of the participants of the study were private sector workers 153(41.8) followed by government sector workers 100(27.5). Regarding monthly income of most of the respondents has monthly income of birr 3,000 – 5,999 accounted 87(23.3%) followed by birr 6000-8999 which was accounted 84(23.0%). In terms of number of years respondent use bank service majority of customer used bank service for 1-5 years 119(32.5) followed by above 15 years 74(20.2).

Based on respondent data analysis the result of commitment dimension were, the total mean score of commitment was 3.719 with SD = 0.754. The mean score of commitment approach to 4; and 4 represent agreement for the issues related for commitment. Pearson correlation indicated that significant positive relationship between Commitment and Customer loyalty ($r=0.618$, $P<0.01$). The value $r=.618$ indicate that commitment and customer loyalty have strong positive relationship. Ndubisi (2007) found that commitment has a significant positive effect on customer loyalty. This research result also shows that commitment has the highest beta coefficient value ($\beta=.342$, $p<0.05$). These indicate commitment is the first most essential factor to determine customer loyalty. This finding was the same as the study of Efreem (2013) found that commitment is most essential factors in affecting customer loyalty.

Regarding trust dimension, the total mean score of trust was 4.069 with SD = 0.7208 which is almost equal to 4; and 4 represent agreement for the issues related for trust. Pearson correlation indicated that significant positive relationship between Trust and Customer loyalty ($r=0.596$, $P<0.01$). The value $r=.596$ indicate the highest moderate positive relation between trust and customer loyalty. When customer trust toward their bank increases, their loyalty also increases. The finding of Morgan and Hunt (1994) concluded that customers with trusts in service provider's capability would probably be willing to commit to a service relationship for meeting their expectations. The regression result of this finding shows that trust has positive and significant relationship with customer loyalty. The beta coefficient value ($\beta=.208$, $p<0.05$) indicate trust is essential factor in predicting customer loyalty. This finding support the study of Lin and Wang (2006) that found trust has a significant positive effect on customer loyalty. And also the finding of Ndubisi (2007) showed that trust is an important element to the development of customer loyalty. Therefore, the result of thus studies on trust dimension is similar with the above findings that trust has the power to increase customer's loyalty.

Perceived quality is another element that taken into account in determines customer loyalty. The total mean score of perceived quality was 3.478 with SD= 0.773 this indicates that the agreement on the issues related to perceived quality was confirmed. Pearson correlation, the value $r=.338$ indicate that perceived quality and customer loyalty have weak positive relationship. Even though Perceived quality has weak positive relationship with dependent variable, the regression result shows the beta coefficient value $\beta= -.018$, $p>0.05$ this indicate perceived quality has no significant effect on customer loyalty. Therefore, the result indicates perceived quality has positive but insignificant influence in determining customer loyalty. The study of Beerli et al. (2004) demonstrates that perceived quality has

not significant and direct effect on customer loyalty. Rather perceived quality is a consequence of satisfaction. This means satisfaction is an antecedent of perceived quality in the retail banking market, and not vice versa.

Regarding switching cost dimension, the total mean score of switching cost was 2.005 with SD= 0.762 this indicates that the agreement on the issues are below average (3) this means respondents disagreement on statements. The Pearson correlation value $r = -.107$ indicate that switching cost and customer loyalty have very weak negative relationship. The regression result shows the beta coefficient value $\beta = -.066$, $p > 0.05$ this indicate switching cost has no significant effect on customer loyalty. Therefore, the result indicates switching cost has very weak negative relationship and no significant influence in determining customer loyalty.

The last but not the least factor that influences customer loyalty is customer satisfaction. The total mean score of customer satisfaction was 3.716 with SD = 0.802 which is closer to 4 this represent agreement for the issues related for customer satisfaction. Pearson correlation, the value $r = .552$ indicates moderate positive relationship between customer satisfaction and customer loyalty. High customer satisfaction leads to high customer loyalty. The result of multiple linear regression shows that customer satisfaction has significant and positive relationship with customer loyalty. The beta coefficient value ($\beta = .234$, $p < 0.05$) indicate that customer satisfaction is the second most essential factor in predicting customer loyalty. This finding was the same result with the study of Beerli et al. (2004) which found customer satisfaction has a significant and positive effect on customer loyalty. Megdadi et al. (2013) studies conclude that the effect of customer satisfaction on loyalty is positive and significant.

In order to know the current information regard to the factors influencing customer loyalty interview was conducted with customer service manager (CSM) and branch managers. With the total 11 interview questions was prepared and asked.

After, the interview has been made with customer service manager (CSM) and branch managers on factors that influence customer loyalty question. The following point was generalized;

- ✓ Even if customer service managers and managers they know the importance of customer loyalty. They recognized that there is limited attention given to existing loyal customers. And, there is no special loyalty program that brings benefit to loyal customer like incentives and rewards.

- ✓ Most managers indicate that the influence of switching cost on customer loyalty is not significant. It is because of, all most all banks in Ethiopian banking industry offer similar service to their customer's there is no cost which customer pay for change from one bank to other.
- ✓ Most branch managers focus on creating new customers to open new account. This is due to the top managers give direction or target to increase the number of new customers rather than retaining the existing customers.
- ✓ Most managers have knowledge gab on which factor are the most important influence on customer loyalty and how to develop and maintain customer loyalty programs. This problem arises because of limited research conducted on customer loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

The purpose of this study was to identify factors that influence customer loyalty of banking industry in Ethiopia. The data was obtained through questionnaire and interview. The questionnaires has two part the first part is general information of respondents which includes, sex of respondents, age of respondents, education level of respondents ,occupation of respondents, monthly income of respondents and number of years respondent use bank service The second part is respondent opinion on factors that influence customer loyalty. Questioners were prepared in five point Likert type scales. Questionnaires were distributed to 384 respondents, from which potential respondents 366 of them filled and returned the questionnaires to the researcher The gathered data was computed by SPSS, 20 and reliability analysis, descriptive analysis, assumption testing for regression analysis, correlation analysis and multiple linear regression analysis were conducted

The finding indicated that commitment, customer satisfaction and trust have positive and a significant influence in determining customer loyalty. Perceived quality has weak positive relationship but insignificant effects on customer loyalty. The result also indicates switching cost has very weak negative relationship and no significant influence in determining customer loyalty.

5.2. Conclusion

Customer loyalty is becoming key factor and strategic element to win market share, to develop sustainable competitive advantage and for long term success of companies in today high competition in banking industry. The purpose of this study was to identify factors that influence customer loyalty. The researcher has selected the independent variables which are perceived quality, customer satisfaction, switching cost, trust and commitment and, one dependent variable, which is customer loyalty. To analysis the relationship between dependent and independent variables multiple linear regression were employed.

Based on the result of the finding the following conclusions are drawn:

- Commitment has positive and significant influence in determining customer loyalty.
- Customer satisfaction has positive and significant influence in determining customer loyalty.

- Trust has positive and significant influence in determining customer loyalty.
- Perceived quality has positive but insignificant influence in determining customer loyalty.
- Switching cost has very weak negative relationship and no significant influence in determining customer loyalty.

5.3. Recommendations

Based on the finding of the study the following recommendation was made:

- ✓ Based on the result of this study commitment is the first most essential factor that influences customer loyalty. Therefore, the managements in banking industry should work on commitment. Bank should be; committed to provide banking service to customers in according with the specifications and quality required, dedicated to offers personalized service to meet customers need, committed to solve any encountered problems facing customers as soon as possible without any delay, devoted to provide banking service on time in response to customer and customer conditions and committed to follow up the way's of providing banking service to customers before and after.
- ✓ The second most essential factor that influences customer loyalty is customer satisfaction. Therefore, managements in banking industry should focus on customer satisfaction. Management should ensure service offered by the bank must matches or exceeds customer expectation. As customers are satisfied with the service the more they tend to become loyal customer.
- ✓ The third essential factor that influences customer loyalty is trust. Therefore, the managements in banking industry should focus on trust. Banks should provides its service at the time it promises to do, increase confidence in the bank service, promote honest employee , provide safe services, and the Bank policies and practiced activities worthy of mutual trust and respect toward customers
- ✓ Business decision maker and executive should be imperative to develop and apply the modern innovative marketing strategy to the banking industry in Ethiopia that focuses on keeping and improving current customers rather than acquiring new customers. So researcher should conduct further research on others factors that influence customer loyalty.

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APPENDICES

APPENDIX A

Addis Ababa University
School of Commerce
Department of Marketing Management

Dear respondent,

The questionnaire is prepared by Master of Marketing Management graduate student for the purpose of writing thesis on the factors influencing customer's loyalty: empirical evidence from the Banking Industry in Ethiopia.

The overall objective of this questionnaire is to gather first hand information on the aforementioned issue. Your honest response is very much important input to my thesis. I would like to assure you that the information you are going to provide will be exclusively used for academic purpose and will be kept confidential. Your contribution to this research is very greatly appreciated. Thank you very much for your time and assistance.

Part I. Demographic or General Information

Please, choose the suitable answer and tick (✓) in the box given for each question.

- Gender Female Male
- Age Under 20 years 20 – 35 years
 35 – 49 years 50 – 65 years
 Above 66 years
- Education qualification Primary Secondary
 Diploma Degree
 Masters PhD & above
- Occupation Private sector Government sector Own business
 Student Others
- Monthly income Below birr 3,000 Birr 3,000 – 5,999
 Birr 6,000 – 8,999 Birr9,000 – 11,999
 Birr 12,000 – 14,999 and above Birr 15,000 and above
- How long have you been using the bank's service?
 Below 1 year 1 – 5 years 5 - 10 years
 10 – 15 years Above 15 years

Part II. Please, indicate your opinion on factors influencing customer's loyalty by marking the appropriate box on the five point scale

Where, 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

I.	Perceived Quality	1	2	3	4	5
1	The bank facilities are attractive and modern such as internet, telephone banking etc...					
2	Materials associated with the services are visually clean, tidy, intact and enough in this bank					
3	This bank insist on providing the services error-free					
4	Employees of this bank solve your problems when they promise to do so					
5	The bank employees are fast enough in providing the service					
6	Employees of this bank are aware of when exactly service will be performed					
7	Employees of this bank are constantly courteous to you					
8	Employee of this bank understand your special needs					
II	Customer satisfaction	1	2	3	4	5
1	This bank meet my needs					
2	The bank I work with is like my expectations of an ideal bank					
3	According to my experiences, I'm satisfied with this bank					
4	In comparison to other banks, I consider this bank and its service successful					
II	Switching Cost	1	2	3	4	5
1	To change to another bank involves investing time in searching for information about other banks					
2	To change to another bank will lose a lot of personal relationship with current bank employee and management					
3	To change to another involves a risk in choosing another bank which might turn out not to satisfy me					
IV.	Trust	1	2	3	4	5
1	This bank provides its service at the time it promises to do					
2	I have confidence in the bank service					
3	According to my experience, the bank can be trusted completely					
4	This bank have honest employee					
5	Banking services rendered safe					
6	Bank's policies and practiced activities worthy of mutual trust and respect toward customers					

V	Commitment	1	2	3	4	5
1	Bank is committed to provide banking service to customers in according with the specifications and quality required					
2	The bank offers personalized service to meet customers need					
3	Bank is committed to solve any encountered problems facing customers as soon as possible without any delay					
4	Bank is committed to provide banking service on time in response to customer and customer conditions					
5	Bank is committed to follow up the way's of providing banking service to customers before and after					
VI	Customer Loyalty	1	2	3	4	5
1	I consider this bank is my first choice					
2	I would always recommend my bank to the others					
3	It would be difficult to change my beliefs about this bank					
4	I would always use this bank service					
5	I am a loyal customer to this bank					
6	I do not like to change to another bank because this bank see my needs					
7	Even if close friends recommend another bank, my preference for this bank would not change					
8	I will not think of moving to another bank whatever, the competitors offers is attractive					

Thanks for your assistance

አዲስ አበባ ዩኒቨርሲቲ
የንግድ ሥራ ትምህርት ቤት
ማርኬቲንግ ማኔጅመንት ዲፓርትመንት

ውድ መልስ ሰጪዎች

መጠይቁ በማርኬቲንግ ማኔጅመንት የማስተርስ ዲግሪ ተመራቂ ተማሪ የደምበኛን ታማኝነት ላይ ተጽእኖ በሚያደርጉ ጉዳዮች ላይ የመመረቂያ ዕሁፍ ለመጻፍ በኢትዮጵያ የባንክ ኢንዱስትሪ ተጨባጭ ማስረጃ ለማግኘት የተደረገ ነው።

የመጠይቁ አጠቃላይ ዓላማ ከላይ በተጠቀሰው ጉዳይ ላይ የመጀመሪያ ደረጃ መረጃ ለመሰብሰብ ነው። የእናንተ ትክክለኛ ምላሽ ለመመረቂያ ጽጉፊ በጣም አስፈላጊ ግብዓት ነው። የምትሰጡት መረጃ ሙሉ በሙሉ ለትምህርት ዓላማ የሚውል ሲሆን በሚስጥርም ይያዛል። ለዚህ ጥናት የሚያደርጉት አስተዋጽኦ እንዲሁም ጊዜዎን ወስደው ላደረጉት ትብብር ከልብ አመሰግናለሁ።

ክፍል 1. አጠቃላይ መረጃ

ትክክለኛውን ምርጫ በመምረጥ ለእያንዳንዱ ጥያቄ በተሰጠው ሳጥን ውስጥ የ(✓) ምልክት ያድርጉ።

1. ጾታ ሴት ወንድ
2. ዕድሜ ከ20 ዓመት በታች 20-35 ዓመት
 ከ35-49 ዓመት ከ50-65 ዓመት
 ከ66 ዓመት በላይ
3. የትምህርት ደረጃ የመጀመሪያ ደረጃ ሁለተኛ ደረጃ
 ዲፕሎማ ዲግሪ
 ማስተርስ ፒኤችዲ እና ከዚያ በላይ
4. የሥራ ዓይነት የግል የመንግስት የራስ ቢዝነስ
 ተማሪ ሌሎች
5. ወርሃዊ ገቢ
 ከ3,000 ብር በታች ከ3,000 — 5,999 ብር
 ከብር 6,000 - 8,999 ከብር 9,000 - 11,999
 ከብር 12,000 — 14,999 እና ከዚያ በላይ
 ብር 15,000 እና ከዚያ በላይ
6. የባንኩን አገልግሎት ለምን ያህል ጊዜ ተጠቅመዋል?
 ከ1 ዓመት በታች ከ1ዓመት - 5 ዓመት ከ 5-10 ዓመት
 ከ10-15 ዓመት ከ15 ዓመት በላይ

ክፍል 2፡ በእርስዎ አስተያየት በደንበኞች አመኔታ ላይ ተጽእኖ የሚያሳርፉ ጉዳዮችን በተመለከተ ከዚህ በታች ከተዘረዘሩት አማራጮች መካከል በመምረጥ በተዘጋጀው ሰንጠረዥ ውስጥ እንዲሞሉ በአክብሮት እጠይቃሁ። እነዚህም

- 1 = በጣም አልሰማማም 2 = አልሰማማም
 3 = ገለልተኛ 4 = እስማማለሁ 5 = በጣም እስማማለሁ

I	እርስዎ የሚጠብቁት የአገልግሎት ደረጃ	1	2	3	4	5
1	የባንኩ አገልግሎት መስጫዎች ማለትም እንደ ኢንተርኔት፣ ቴሌፎን ባንኪንግ ወዘተ የመሳሰሉት የደንበኞችን ፍላጎት የመሳብ አቅም ያላቸውና ዘመናዊ ናቸው					
2	ከአገልግሎት አሰጣጥ ጋር በተያያዘ የቀረቡ ቁሳቁሶች ለተመልካች ንጹህ፣ ጽዱ፣ ምንም ጉዳት ያልደረሰባቸው እና በበቂ መጠን ተሟልቶ በባንኩ ውስጥ የቀረቡ ናቸው					
3	ይህ ባንክ እንክንዩለሽ አገልግሎት ለመስጠት አበክሮ ይሰራል					
4	የዚህ ባንክ ሰራተኞች በገቡልዎት ቃልኪዳን መሰረት ችግሮችዎች ተቀብለው መፍትሄ ይሰጣሉ					
5	የባንኩ ሰራተኞች ፈጣን አገልግሎት ይሰጣሉ					
6	የዚህ ባንክ ሰራተኞች እያንዳንዱ አገልግሎት መቼ እንደሚጠናቀቅ ጠንቅቀው ያውቃሉ					
7	የዚህ ባንክ ሰራተኞች ሁልጊዜም ቢሆን እርስዎን በትህትና ያስተናግዳሉ					
8	የዚህ ባንክ ሰራተኞች የእርስዎን ልዩ ፍላጎት ይረዳሉ					
II	የደንበኞች እርካታ	1	2	3	4	5
1	ይህ ባንክ የእርስዎን ፍላጎቶች ያሟላል					
2	የእኔ ደንበኛ ባንክ ከድርጅቱ የምጠብቃቸውን አገልግሎቶች አሟልቶ የያዘ ተቋም ነው					
3	እኔ እስካሁን ባሉኝ ልምዶች መሰረት በዚህ ባንክ እርካታ ይሰማኛል					
4	ከሌሎች ባንኮች ጋር ሲወዳደር ይህ ባንክ እና የሚሰጣቸው አገልግሎቶች ስኬታማ ነው					
III	ደንበኛ ባንክዎን መለወጥ የሚያስከፍለው ዋጋ	1	2	3	4	5
1	ወደሌላ ባንክ መቀየር ስለባንኮቹ መረጃ ለማግኘት ወርቃማ ጊዜን መስዋት ይጠይቃል					
2	ወደሌላ ባንክ መቀየር አሁን ካለው ባንክ ሰራተኞች እና ስራ አመራር ጋር ያለዎትን ጥሩ ግለሰባዊ የሥራ ግንኙነት እንዲያጡ ያደርጋል					
3	ወደሌላ ባንክ መቀየር የእርስዎን ፍላጎት ማርካት ወደማይችል ባንክ ሊመራዎት የሚያስችል አደጋ አለው					

IV	አመኔታ	1	2	3	4	5
1	ይህ ባንክ አገልግሎቶቻቸውን ቃል በገባው ጊዜ ውስጥ ይሰጣል።					
2	እኔ በግሌ ይህ ባንክ በሚሰጣቸው አገልግሎቶች እተማመናለሁ					
3	እኔ ባለኝ የግል ተሞክሮ መሰረት ይህ ባንክ ሙሉ አመኔታ ሊጣልበት የሚችል ተቋም ነው					
4	ይህ ባንክ በታማኝነታቸው ስመጥር የሆኑ ሠራተኞች አሉት					
5	የባንኪንግ አገልግሎቶቹ ደህንነታቸው በተጠበቀ መልኩ ይሰጣሉ					
6	የባንኩ ፖሊሲዎች እና የሚያከናውናቸው ተግባራት ለደንበኞች የጋራ መተማመን የሚፈጥር እና አክብሮት የሚሰጥ ነው።					
V	ቁርጠኝነት	1	2	3	4	5
1	ይህ ባንክ አገልግሎቶቹን ለደንበኞች የሚሰጠው በተቀመጠለት የአሰራር ዝርዝር መግለጫ እና የጥራት ደረጃ መሰረት ነው።					
2	ባንኩ የደንበኞችን ፍላጎት ለማሟላት በማሰብ ደንበኞችን ማዕከል ያደረገ አገልግሎት በግለሰብ ደረጃ ይሰጣል።					
3	ይህ ባንክ ደንበኞቹ ችግር በሚያጋጥማቸው ጊዜ አቅሙ በፈቀደ መጠን አፋጣኝ መፍትሄ ለመስጠት በቁርጠኝነት ይሰራል።					
4	ባንኩ ደንበኞች በሚያቀርቡለት ጥያቄ እና በደንበኞች የግል ሁኔታዎች ላይ በመመርኮዝ ባንኪንግ አገልግሎት ወቅቱን በጠበቀ መልኩ ለመስጠት በቁርጠኝነት ይሰራል።					
5	ባንኩ ለደንበኞች አገልግሎት ከመስጠቱ በፊት እና ከአገልግሎት አሰጣጥ በኋላ የክትትል ሥራ በቁርጠኝነት ይሰራል።					
VI	የደንበኞች ታማኝነት	1	2	3	4	5
1	እኔ ይህንን ባንክ አንደኛ ምርጫዬ አድርጌ እቆጥረዋለሁ					
2	እኔ በግሌ ይህንን ባንክ ሌሎች እንዲጠቀሙበት እመክራለሁ					
3	እኔ በዚህ ባንክ ላይ ያሉኝን እምነቶች ለመለወጥ እጅግ አስቸጋሪ ነው።					
4	እኔ የዚህን ባንክ አገልግሎቶች የሁልጊዜ ተጠቃሚ ነኝ።					
5	እኔ የዚህ ባንክ ታማኝ ደንበኛ ነኝ።					
6	ይህ ባንክ የእኔን ፍላጎቶች ተገንዝቦ ስለሚያሟላልኝ ወደ ሌላ ባንክ መለወጥ አልፈልግም					
7	ምንም እንኳን የቅርብ ጓደኞቹ ሌላ ባንክ እንድጠቀም ቢመክሩኝም ለዚህ ባንክ ያለኝ ተመራጭነት ግን አይለወጥም።					
8	ሌሎች ተፎካካሪ ባንኮች የሚያቀርቧቸው አንገረ አገልግሎቶች ቢኖሩ እንኳን ወደሌላ ባንክ የመዞር ሀሳብ አይኖረኝም።					

ስለተባበራችሁኝ ክልብ አመሰግናለሁ።

APPENDIX B

Respondent General Information

		Frequency	Percent	Valid Percent	Cumulative Percent
Sex of respondents	Female	173	47.3	47.3	47.3
	Male	193	52.7	52.7	100.0
	Total	366	100.0	100.0	
Age of respondent	Under 20years	11	3.0	3.0	3.0
	20-35years	183	50.0	50.0	53.0
	35-49years	97	26.5	26.5	79.5
	50-65years	40	10.9	10.9	90.4
	Above 66years	35	9.6	9.6	100.0
	Total	366	100.0	100.0	
Education qualification of respondent	Primary	3	.8	.8	.8
	Secondary	22	6.0	6.0	6.8
	Diploma	54	14.8	14.8	21.6
	Degree	221	60.4	60.4	82.0
	Masters	64	17.5	17.5	99.5
	PHD & Above	2	.5	.5	100.0
	Total	366	100.0	100.0	
Occupation of respondent	private sector	153	41.8	41.8	41.8
	Government sector	100	27.3	27.3	69.1
	Owen business	68	18.6	18.6	87.7
	Student	15	4.1	4.1	91.8
	Others	30	8.2	8.2	100.0
	Total	366	100.0	100.0	
Monthly income of respondent	Belowbirr3000	45	12.3	12.3	12.3
	Birr3000-5999	87	23.8	23.8	36.1
	Birr6000-8999	84	23.0	23.0	59.0
	Birr9000-11999	53	14.5	14.5	73.5
	Birr12000-14999	49	13.4	13.4	86.9
	Birr15000&Above	48	13.1	13.1	100.0
	Total	366	100.0	100.0	
Number of years respondent use bank service	Below1year	30	8.2	8.2	8.2
	1-5years	119	32.5	32.5	40.7
	5-10years	72	19.7	19.7	60.4
	10-15years	71	19.4	19.4	79.8
	Above15years	74	20.2	20.2	100.0
	Total	366	100.0	100.0	

Reliability Analysis

		Cronbach's Alpha	N of Items
1	Perceived quality	.866	8
2	Customer Satisfaction	.818	4
3	Switching cost	.673	3
4	Trust	.868	6
5	Commitment	.842	5
6	Customer loyalty	.708	8
Overall		.892	34

Normality Assumption of Regression

		Perceived quality	Customer satisfaction	Switching cost	Trust	Commitment	Customer loyalty
Skewness	Statistic	-.651	-.820	-.621	-1.069	-.996	2.389
	Std. Error	.128	.128	.128	.128	.128	.128
Kurtosis	Statistic	-.321	.288	-.312	.740	.765	21.961
	Std. Error	.254	.254	.254	.254	.254	.254

Multiple Regressions

Model summary^b

model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig.F Change	Durbin-Watson
					R Square Change	F Change	df1	df2		
1	.682 ^a	.466	.458	.73216	.466	62.723	5	360	.000	2.039

a. Predictors: (Constant), Perceived quality, Customer satisfaction, switching cost, Trust and commitment

b. Dependent Variable: Customer loyalty

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	168.114	5	33.623	62.723	.000 ^b
	Residual	192.979	360	.536		
	Total	361.093	365			

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	Perceived quality	Customer satisfaction	Switching cost	Trust	Commitment
1	1	5.803	1.000	.00	.00	.00	.00	.00	.00
	2	.124	6.845	.00	.00	.02	.77	.00	.01
	3	.027	14.755	.05	.92	.00	.01	.03	.06
	4	.019	17.496	.23	.07	.87	.13	.01	.04
	5	.018	17.758	.62	.01	.07	.07	.02	.35
	6	.009	25.764	.09	.00	.05	.01	.94	.54

a. Dependent Variable: Customer loyalty

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.7579	4.9591	3.8532	.67866	366
Residual	-1.33769	7.80751	.00000	.72712	366
Std. Predicted Value	-3.087	1.630	.000	1.000	366
Std. Residual	-1.827	10.664	.000	.993	366

a. Dependent Variable: Customer loyalty

