



WERABE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMENT

**THE EFFECTS OF CUSTOMER RELATIONSHIP MARKETING ON
CUSTOMER RETENTION: A CASE OF COMMERCIAL BANK OF
ETHIOPIA AT WERABE TOWN.**

A THESIS SUBMITTED TO THE DEPARTMENT OF MARKETING MANAGEMENT FOR
THE PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A
MASTER OF ARTS DEGREE IN MARKETING MANAGEMENT (MA)

By

MUHDIN SHIFA

Reg. No. MAMM/R/009/15

UNDER THE GUIDANCE OF

ENDRIS NURU(PhD)

CO – ADVISOR

MR.KEDIR GELETU (MA)

WERABE, ETHIOPIA

JUNE, 2024



WERABE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMENT

**THE EFFECTS OF CUSTOMER RELATIONSHIP MARKETING ON
CUSTOMER RETENTION: A CASE OF COMMERCIAL BANK OF
ETHIOPIA AT WERABE TOWN.**

A THESIS SUBMITTED TO THE DEPARTMENT OF MARKETING MANAGEMENT FOR
THE PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A
MASTER OF ARTS DEGREE IN MARKETING MANAGEMENT (MA)

By

MUHDIN SHIFA

Reg. No. MAMM/R/009/15

UNDER THE GUIDANCE OF

ENDRIS NURU (PhD)

CO – ADVISOR

MR.KEDIR GELETU (MA)

WERABE, ETHIOPIA

JUN, 2024

DECLARATION

I, **MUHDIN SHIFA** hereby declare that the thesis, entitled “**EFFECTS OF CUSTOMER RELATIONSHIP MARKETING ON CUSTOMER RETENTION: A CASE OF COMMERCIAL BANK OF ETHIOPIA AT WERABE TOWN**” submitted to the Department of Marketing Management, College of Business and Economics, Werabe University, in partial fulfillment of the requirements for the award of the Degree of **MASTER OF ART IN MARKETING MANAGEMENT**, is a record of original research work done by me during 2015 - 2016(E.C), under the supervision and guidance of **Dr. IDRIS.N**, and it has not formed the basis for the award of any Degree / Diploma / Associate ship / Fellowship or another similar title of any candidate of any university.

Place: Werabe

Date: _____

**APPROVAL SHEET- ADVISOR
CERTIFICATE**

This is to certify that the thesis, entitled “**EFFECTS OF CUSTOMER RELATIONSHIPS MARKETING ON CUSTOMER RETENTION: A CASE OF COMMERCIAL BANK OF ETHIOPIA AT WERABE TOWN**” submitted to the Department of Marketing, College of Business and Economics, Werabe University, in partial fulfillment of the requirements for the award of the Degree of MASTER OF MARKETING MANAGEMENT is a record of original research work done by MUHDIN SHIFA during the period 2015-2016(E.C) under my supervision and guidance and the thesis has not formed the basis for the award of any Degree / Diploma / Associate ship / Fellowship or another similar title of any candidate of any University and it complies with the regulation and accepted standards of the university.

Name of Advisor	Ssignature	Date
-----------------	------------	------

_____	_____	_____
-------	-------	-------

Name of Co-Advisor	Ssignature	Date
--------------------	------------	------

_____	_____	_____
-------	-------	-------

APPROVAL SHEET- EXAM COMMITTEE

**WERABE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MARKETING MANAGEMENT**

**EFFECTS OF CUSTOMERRELATIONSHIP MARKETING ON CUSTOMER RETENTION:
A CASE OF COMMERCIAL BANK OF ETHIOPIA AT WERABE TOWN.**

BY

MUHDIN SHIFA

Approved By

1. Advisor

_____	_____	_____
Name	Signature	Date

2. Co-Advisor

_____	_____	_____
Name	Signature	Date

3. Internal Examiner

_____	_____	_____
Name	Signature	Date

4. External Examiner

_____	_____	_____
Name	Signature	Date

5. Chairperson

_____	_____	_____
Name	Signature	Date

ACKNOWLEDGEMENT

I would like to thank my esteemed advisor **Dr. IDRIS.N** (Ph.D.) for his incessant guidance, perspicacious thoughts, constructive criticism, and his great efforts to explain things clearly and simply throughout my thesis writing period. I owe my heartfelt gratitude and indebtedness to **Co-advisor KEDIR.G** for his dynamic guidance, cooperation, motivation, and wishes given by him during every stage of my research. My profound thanks go to our **Head of the Department KEDIR.G** Department of Marketing Management, for his support and facilities extended throughout the period of this research work. I would like to express my sincere thanks to **Dean GIDEY. Y College of Business and Economics**, Werabe University- Werabe, for the cooperation, support, and wishes rendered throughout my study period. I wish to express my thanks to Alichu wiriro woreda administration, my friends, relatives, colleagues, and students for all the support and help that they have extended to me for the completion of this study. Most of the results described in this thesis would not have been obtained without a close collaboration of the respondents for the study. I owe a great deal of appreciation and gratitude to all **respondents** who made possible the difficult task of data collection easy for my research. Besides this, several people have knowingly and unknowingly helped me in the successful completion of this project. Thank you all for your insights, guidance, and support!

Acronyms (Abbreviations)

CRM	Customer Relationship marketing
ATM	Automated Trailer Machine
POS	Point-on-Sale
SPSS	Statistical Package for Social Sciences
AMA	American Marketing Association
CR	Customer Retention
ICRM	Integrated Customer Relationship marketing
IMC	Integrated marketing communication
CBEWT	Commercial Bank of Ethiopian in Werabe Town
PSS	Proportionate Stratified sampling
TQM	Total Quality Management

Contents

page no

DECLARATION	i
APPROVAL SHEET- ADVISOR	ii
APPROVAL SHEET- EXAM COMMITTEE	iii
ACKNOWLEDGEMENT	iv
Acronyms (Abbreviations)	v
LIST OF TABLE	ix
LIST OF FIGUR	x
ABSTRACT	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1	1
1.2 Statement of the Problem.....	3
1.3 Research Questions.....	5
1.4 Objective of the Study	5
1.4.1 General objective of the study	5
1.4.2 Specific Objectives	5
1.5 Significance of the Study	6
1.6 Scope of the Study	6
1.7 Definition of key Terms.....	6
1.8 Organization of the Research.....	7
CHPTER TWO.....	7
2 Literature Review	7
2.1 Evolution of CRM	8
2.3 The Theoretical Framework of CRM	9
2.4 DEVELOPMENT OF RELATIONSHIP MARKETING	11
2.5 Understanding Relationship Marketing	13
2.6 RELATIONSHIP MARKETING IN BANKING SECTOR	14
2.7 Definition and principles of relationship marketing.	15
2.8 Customer retention.....	15
2.8.1 Customer care and customer retention.....	16
2.8.2 Benefits of Customer Retention.....	17
2.9 Relationship Marketing and Customer Retention.....	18

2.9.1. Examples of successful relationship marketing strategies.....	18
2.10 Consumer behavior.....	18
2.10 Dimensions of Customer Relationship Marketing.....	19
2.10.1 Communication and customer retention.....	19
2.10.2 Trust-building and customer retention.....	20
2.10.3 Empathy.....	21
2.10.4 Commitment.....	21
2.10.5 Conflict Handling.....	22
2.10.6 Responsiveness.....	22
2.11 Measuring customer Retention.....	23
2.12 Customer Acquisition.....	23
2.13 Bank marketing.....	24
2.14 The Importance of Relationship Marketing in Banks.....	24
2.15 Impact of Customer Relationship Marketing on Banks.....	25
2.17 Conceptual Framework.....	25
2.10 Empirical Evidences.....	26
CHAPTER THREE.....	30
RESEARCH METHODOLOGY.....	30
3. INTRODUCTION.....	30
3.1 Research Approach.....	30
3.2 Research Design.....	30
3.3 Population.....	31
3.4 Sampling Technique.....	31
3.5 Sample Size.....	32
3.6 Source of Data collection.....	33
3.7 Data Collection Method.....	33
3.8 Data Collection and Research Instrument.....	34
3.9 Reliability Test.....	34
3.10 Validity Result.....	35
3.11 Model Specification.....	35
3.12 Variable Measurement.....	36
3.13 Plan of Data Analysis.....	37
3.14 Ethical Considerations.....	37

CHAPTER THREE	30
RESEARCH METHODOLOGY	30
3. INTRODUCTION	30
3.1 Research Approach	30
3.2 Research Design	30
3.3 Population	31
3.4 Sampling Technique	31
3.5 Sample Size.....	32
3.6 Source of Data collection.....	33
3.7 Data Collection Method.....	33
3.8 Data Collection and Research Instrument.....	34
3.9 Reliability Test.....	34
3.10 Validity Result	35
3.11 Model Specification	36
3.12 Variable Measurement	36
3.13 Plan of Data Analysis	37
3.14 Ethical Considerations	37
CHAPTER FOUR.....	39
DATA ANALYSIS AND INTERPRETATIONS	39
4.1 Demographic Characteristics of the Respondents	40
4.2 Descriptive Statistics of Study Variables.....	43
4.3 Inferential Analysis.....	49
4.4 Multiple Regression Assumption Tests	50
4.5. Discussion.....	57
CHAPTER FIVE	60
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	60
5.1 Summary of Major Findings.....	60
5.2 Conclusions.....	61
5.3 Recommendations.....	63
5.4 Limitations and Suggestion for Future Research.....	64
Reference.....	65
Appendices.....	i

LIST OF TABLE

Table 1.sample proportion per stratum-----	33
Table 2 Average Reliability Statics-----	35
Table 2.Response Rate of the respondent -----	40
Table 3 Demographic Characteristics of Respondents-----	41
Table 5 Mean and Standard Deviation Results of Trust-----	44
Table 6 Mean and Standard Deviation Results of Empathy-----	45
Table 7 Mean and Standard Deviation Results of Commitment-----	45
Table 8 Mean and Standard Deviation Results of Conflict handling-----	46
Table 9 Mean and Standard Deviation Results of Communication-----	47
Table 10 Mean and Standard Deviation Results of Responsiveness-----	47
Table 11 Mean and Standard Deviation Results of Customer retention-----	48
Table 12 Pearson Correlation Matrix-----	50
Table 13 Collinearity Diagnostics-----	51
Table 14 Normality Test-----	52
Table 15 Model Summary-----	54
Table 16 ANOVA Analysis-----	55
Table 17 Estimated Regression Coefficients-----	55

LIST OF FIGUR

Figure1 Conceptual frame work-----	26
Figure2 Service offered by CBE-----	43
Figure3 Homoscedasticity Test-----	52
Figure 4 Normality Test-----	53
Figure 5 Linearity Test-----	54

ABSTRACT

In the banking business environment, technological change and new business practices are ever-increasing. The customer is considered as a valuable asset. Thus, customer orientation and retention are considered as a strategy for creating competitive advantage. Commercial banks will be retaining their customers' only if satisfying them. Therefore, this research aimed to investigate the effect of customer relationship marketing on customer retention. The present research was conducted using the quantitative research approach along with explanatory research design. To address the objective of the study data was collected from sample respondents who were drawn from active customers of the bank through self-administered questionnaire. Both descriptive and inferential analyses method were used for investigating the relationship between customer relationship marketing and customer retention with the help of multiple linear regression models. The results showed that relationship marketing had a positive and significant effect on customer retention. Specifically, Trust had strong statistically significant positive effect on customer retention ($B = .322, P < .05$) followed by Communication ($B = .228, P < .05$), Commitment ($B = .218, P < .05$), Empathy ($B = .156, P < .05$).and Responsiveness ($B = .128, P < .05$). Whereas, Conflict handling ($B = .032, P < .05$), showed the least contribution to customer retention. It can be concluded that the six dimensions of customer relationship marketing elements are good predictors of customer retention. Effective implementation of relationship marketing can maintain customers, satisfy them, and attract new customers as well and can be loyal to the bank. It was reasonable to recommend that, the management of the bank should effort on the improvement of their staff competence, adopting innovative internal process and the attractiveness of its service facilities.

Keywords: Bank Marketing, Relationship Marketing, Retail Banking.

CHAPTER ONE

INTRODUCTION

This study was tried to address the effect of customer relationship marketing on consumer retention: the case of commercial bank of Ethiopia in Werabe town; accordingly, this chapter starts with the study of backgrounds, statements of the problems, objectives of the study, and research questions. It also includes the significance of the study, the scope of the study, limitations, and organization of the study.

1.1 Background of the study

There were several ways to describe the standard concept of marketing, as many authors have tried to explain. First defined by the American Marketing Association (AMA) in Armstrong et al., (2006). Coordination of a wide range of abilities, viewpoints, and personalities is necessary for the collaborative activity of marketing. Various studies acknowledged that, although the other departments are concentrated on expenses, marketing is the major revenue-generating component (Kotler et al., 2012). The term Relationship marketing refers to the strategies and activities employed by businesses to build and maintain strong and lasting relationships with their customers. It is getting more and harder for businesses that follow the transactional marketing strategy to succeed in today's world of fierce competition, sophisticated consumers, and dynamic environments. Yulisetiari, (2016) suggests that the reason for this is that organizations need to continuously build, nurture, promote, and strengthen mutually beneficial and value-laden relationships with consumers in order to maximize their competitive edge in a sustainable manner. Relationship marketing, a marketing approach that emphasizes high-quality client connections, has emerged and grown as a result of corporate organizations' realization of this fact (Zhang et al., 2016). Relationship marketing, according to Ibrahim et al., (2015) is about developing enduring connections with clients that ensure client retention and happiness over time. Relationship marketing seeks to build client loyalty by offering high-quality goods and services that may successfully satisfy the demands and specifications of the target market, as opposed to attempting to promote a one-time sale (Karen & Hayes, 2017).

Ethiopia's banking industry is characterized by a dynamic, vibrant market with intense competition. Consumers are a problem to banks because they have access to a multitude of options and information

and can be easily swayed by rivals providing better products at lower prices (Bhardwaj, 2007). Ethiopian banks are facing increased rivalry as the country's banking sector transitions from a historical monopoly to a competitive environment. This competitiveness is made worse by service uniformity and technical developments (Harvey, 2010). The increase of knowledgeable consumers and the fall in brand Loyalty.in this context highlight the vital role that good customer relationship marketing plays. Relationship marketing is strategically important as banks struggle to retain customers in light of this changing environment.

The link between customer relationship marketing and client retention has been explained by a number of hypotheses. Relationship marketing (RM) was initially introduced by (n.d.)Berry (1983) and then refined by Jackson (1985), who described RM as a type of marketing that comes from direct Reaction to advertising initiatives emphasizing client happiness and retention (Berry, 1995)Customer relationship management has its roots in this philosophy, which is often referred to as the relationship marketing theory. In order to strengthen the company-customer connection and retain customers in the current global, hypercompetitive business climate, organizations should prioritize understanding consumer behavior (Ngambi&Ndifor, 2015a).The notion that consumers, like products, have a life cycle that extends over time is becoming more widely accepted (Lockshin& McDougall, 1998). To better understand these dynamics, an organization must apply Maslow's hierarchy of needs, which emphasizes that customers are human beings with unique needs that change as they fulfill each one.

In this study, the independent variable is customer relationship marketing, and the dependent variable is customer retention. A number of scholars have employed these variables in different studies, and they do fit the data nicely. Customer relationship management involves locating customers, learning about them, building rapport, and influencing their perceptions of the business, its products, and services (Ngambi & Ndifor, 2015b).

A more sophisticated approach to relationship marketing in the banking industry is required, as shown by the growing awareness among suppliers of the advantages of developing long-term relationships with consumers. This study sets out to investigate the many facets of relationship marketing in Ethiopian banking, with a focus on how it affects customer loyalty, in the face of these difficulties. It is critical to comprehend the nuances of relationship marketing, particularly in light of its capacity to build enduring partnerships with customers that may boost revenue, market share, and cost Customer retention has been directly impacted by relationship marketing strategies including trust, commitment,

and dispute resolution, according to a very small research by (Ndubisi,2006).This study illustrates the Impact of relationship marketing—which incorporates additional tenets like empathy—on client retention in the context of Ethiopia. Long-term partnerships let both parties learn how to connect with each other most effectively over time, according to (Gronroos, 1994). This lowers relationship costs for both the supplier or service provider and the consumer. According to (Gronroos, 1994) a mutually acceptable relationship enables consumers to avoid the substantial transaction costs associated with switching suppliers or service providers and suppliers to avoid incurring needless quality expenses.

Maintaining and growing client connections are fundamentally based on the idea of lifelong customer value, according to (Koh et al., 2016). However, (Kotler, 2012) highlighted that businesses should choose which customer groups and with whom to establish relationships in order for both the firm and the consumer to benefit from lifetime value. This means that businesses do not need to establish relationships with every single client.

According to Kotler& Keller, (2003), while it is essential to offer each and every customer exceptional customer service, this does not mean that each and every customer has to be given the same amount of attention. Companies cannot and should not build relationships with every consumer, according to (Payne & Holt, 1999). Businesses that have overextended themselves in their pursuit of unfiltered client acquisition and discovered that the clientele they have drawn may not be lucrative or suitable for growth. Relationship marketing, in his opinion, recognizes the necessity of using several marketing techniques to attract and keep customers.

1.2 Statement of the Problem

Ethiopia's banking market had been less competitive in previous decades, making Commercial bank of Ethiopia a monopolistic operator. Commercial Bank of Ethiopia happens to be the first public owned commercial bank in the country since 1942. However, the situation has altered as a result of the Ethiopian government's banking sector deregulation Geda et al., (2017). As a result, a number of private banks have been allowed to join the market, increasing the stiffed competition among the banks to the higher level. According to (Woldemedhin, 2021), the customer drift to the new entrant banks accounted for 15 – 20 percent of the CBE’s market share on average. Recognizing this, the managements of CBE have implemented innovative service delivery reform but, despite its efforts, the bank was still suffering from consistent customer complaints due to long queues and huge crowds in the banking head offices and branches (Desta & Tesfaye, 2023).

In most cases, the banking service marketing strategy comprises offering of varieties of service (saving, loan, foreign exchange, etc.) with fair service charges (reasonable interest rates) and serving them at convenient branch locations by creating or promoting its offers through effective channels. On top of that providing the service with competent staff with the help of well-facilitated systems and processes within appealing facilities play significant role in exceeding customer's expectation (Christopher et al., n.d.). Nonetheless, the banking services along with augmented service (like ATM), service charges and outfit branch location are almost similar as they are easily imitated by competitors (C. Robert & da Motta Veiga, 2017)

Customer Relationship Marketing (CRM) is indispensable for service provider organizations, requiring a systematic approach to managing and nurturing customer relationships. However, this task is complicated by the diverse operational priorities of organizations and the varying requirements of customers (Kleinaltenkamp & Ehret, 2006). In today's fiercely competitive market, customers have abundant access to information about products and services. The primary goal of CRM is to enhance customer satisfaction and loyalty by understanding and addressing their needs. CRM emphasizes a relationship-oriented approach, prioritizing customer retention and delivering superior customer value through effective process management (Kleinaltenkamp & Ehret, 2006).

Several studies have explored the impact of customer relationship marketing (CRM) on customer retention within the Ethiopian banking and financial sector. These studies offer valuable insights into the relationship between CRM strategies and customer retention. (M. TESFAYE, 2021) investigated the effect of CRM on customer retention using a case study of United Bank S.C. (Ababa, 2019) conducted a similar study focusing on the Commercial Bank of Ethiopia and Dashen Bank S.Co.

Despite these valuable contributions, there are few studies conducted on customer relationship marketing and customer retention in Ethiopia banking sector. Additionally, there are no studies on customer relationship marketing and customer retention in banking sector in Werabe town.

Therefore, all the above mentioned theoretical, empirical and practical gaps warrant the researcher on further investigation of the relationship between customer relationship marketing and customer retention. The aforementioned research gap can be filled by examining the effect of customer relationship marketing dimensions on customer retention to prioritize which variable is ranked the highest. This can be addressed by collecting data regarding the CBE's customer perception towards the service marketing strategies of the branches of the bank in Werabe town. It combines the classical

relationship marketing strategies and innovative technologies to evaluate the marketing strategies of CBE which has been aggressively striving for adopting and adapting modern communication technologies like Automatic Teller Machine, Point-Of-Sales, online banking, mobile banking, etc. Hence, after investigation, the researcher tries to provide possible recommendation for commercial banks found in Werabe town to enable them to be competitive enough.

1.3 Research Questions

Based on the above general objective, the following questions are drawn.

1. What is the effect of trust on customers' retention on CBEWT
2. What is the effect of commitment on customers' retention in CBEWT
3. To evaluate whether communication has an effect on customers' retention on CBEWT;
4. To identify whether empathy has effect on customers' retention on CBEWT;
5. To investigate whether responsiveness has effect on customers' retention in CBEWT;
6. To evaluate whether Conflict handling has an effect on customers' retention on CBEWT;

1.4 Objective of the Study

1.4.1 General objective of the study

The general objective of the study was to assess the impact of customer relationship marketing on customer retention at the Commercial Bank of Ethiopia in Werabe town branches.

1.4.2 Specific Objectives

In line with the main objective, these studies following specific objectives were considered.

1. Evaluate the effect of Commitment On customer retention.
2. To analyze the effect of Responsiveness on customer retention CBE in Werabe town
3. Examine the effect of communication on customer retention for the CBE in werabe town.
4. To analyze the impact of conflict handling on customer retention.
5. To investigate the effect of trust on customer retention.
6. To examine the effect of Empathy on CBE's customer retention in Werabe Town.

1.5 Significance of the Study

The study enables the students' researcher to have an academic knowledge on conducting research. The study was also contributed to the future development of this type of research, especially in developing countries like Ethiopia. The findings of this study were assist academicians in broadening and providing a deeper understanding of the critical factors that affect customer retention. And also the result of this study had provided valuable inputs and directions to the companies to integrate their marketing strategies and customer knowledge management. It can also help for companies to identify the requirement of their customers and to improve the quality of their services and to retain the existing customer by providing technology based service in light of its competitors. Identifying the factors that affect customer retention in advance helps to achieve the objectives of the government especially it is important for bank managers to evaluate customer relationship marketing strategy and forward possible solutions for the problems.

1.6 Scope of the Study

Theoretically, this research was limited to examine the effect of customer relationship marketing elements only on customer retention. Geographically, the research is bounded to study within the geographic territory of Werabe. Methodologically, a more representative relatively large sample size is determined and the effect of customer relationship marketing on customer retention is analyzed using statistics.

1.7 Definition of key Terms.

In this research work, the meanings of the defining terms are essentially as follows.

Marketing: is the practice of planning , implementing the conception, pricing, promotion and distribution of goods and services and ideas to generate exchanges that satisfy individual and organizational objectives (Ringold and Weitz, 2007).

Customer Satisfaction: It refers to a credible representation of satisfaction that varies from person to person and from product to service, assessing how a company's products and services meet or exceed customer expectations.(Siddiqi, 2011).

Bank marketing: Bank marketing can be understood as a system of banking strategies impacting on the entire process of providing banking services in the best way which will satisfy needs of target customers (Mai, 2013).

Services marketing: Refer the design of strategy to address the provision of services, both in a business to consumer context and the business-to-business scenario (Lone, 2020).

Commitment : is defined as an enduring desire to maintain a valued relationship (Moorman et al., 1992).

Communication: (J. C. Anderson & Narus, 1990) defined Communication as formal as well as informal sharing of meaningful and timely information between firms.

Conflict handling: Conflict handling is the ability of each supplier to minimize the negative consequences of manifest and potential conflicts. (Dwyer et al., 1987a)

Empathy: can be viewed as the ability to share, understand and feel another person's feelings in a relational situation (Velnampy & Sivesan, 2012a).

Trust:is defined as one party's confidence in an exchange partner's reliability and integrity. (Morgan and Hunt, 1994)

Responsiveness: is Willingness to help customers and provide prompt service(MELAK, 2017).

1.8 Organization of the Research

This study is organized into five main chapters. The first chapter refers introduction of the study which includes the background, problem statement, research objectives, significance and scope of the study. The second chapter contains a review of related literature, which consists of the theoretical background and important findings from different kinds of literature, the conceptual framework, and empirical study. The third chapter contains the methodologies applied in the study. Evidence of reliability and validity, model specification, variable measurement, and ethical considerations are taken also mentioned in this chapter. The fourth chapter presents demographic characteristics, descriptive and inferential statistics analysis, findings and their interpretations. The last chapter consists of summary of major findings, conclusions and recommendations of the study.

CHAPTER TWO

2 Literature Review

The study's theoretical framework will be established by reviewing the body of research on relationship marketing and client retention. To provide a thorough grasp of the topic, this part will examine

pertinent research, models, and frameworks. Summarize key findings from the literature review, highlighting gaps and areas where the current study can contribute to the understanding of relationship marketing in werabe town commercial banks. This literature review aims to provide a comprehensive understanding of the existing knowledge on relationship marketing and customer retention within the context of selected commercial banks in Werabe. It serves as the foundation for identifying gaps that the proposed research can address.

2.1 Evolution of CRM

As observed by (Parvatiyar & Sheth, 2021), development of customer relationships has historical antecedents going back into the pre-industrial era. Much of it was due to direct interaction between producers of agricultural products and their consumers. Similarly artisans often developed customized products for each customer. Such direct interaction led to relational bonding between the producer and the consumer. It was only after industrial era's mass production society and the advent of middlemen that there were less frequent interactions between producers and consumers leading to transactions oriented marketing. The production and consumption functions got separated leading to marketing functions being performed by the middlemen. And middlemen are in general oriented towards economic aspects of buying since the largest cost is often the cost of goods sold.

In recent years however, several factors have contributed to the rapid development and evolution of CRM. These include the growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end-customers. For example, in many industries such as airlines, banks, insurance, computer program software, or household appliances and even consumables, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. According to (Chen & Popovich, 2003) The United States software vendors took up relationship marketing to market CRM. Systems Databases and direct marketing tools give them the means to individualize their marketing efforts. As a result, producers do not need those functions formerly performed by the middlemen. Even consumers are willing to undertake some of the responsibilities of direct ordering, personal merchandising, and product use related services with little help from the producers. In the recent years, several factors have contributed to the rapid development and evolution of CRM. The rapid evolution of CRM technologies in organization has been created strong relationships and enhances customer value to improve motivation and the instruments (Day, 2003). Developed nations recent success of on-line banking, on-line Air ticket sales, direct selling of goods,

automobiles and insurance, etc., on the Internet all attest to the growing consumer interest in maintaining direct relationship with marketers.

The de-intermediation process and consequent prevalence of CRM is also due to the growth of the service economy. Since services are typically produced and delivered at the same institution, it minimizes the role of the middlemen. A greater emotional bond between the service provider and the service user also develops the need for maintaining and enhancing the relationship. It is, therefore, not difficult to see that CRM is important for scholars and practitioners of services marketing (Liljander & Strandvik, 1995) ; Crosby and Stephens 1987; Crosby, et. al. 1990; Gronroos 1995). Another force driving the adoption of CRM has been the total quality movement. Mack et. al.,(2005) claim that CRM evolved from total quality management in the 1980s. When companies embraced Total Quality Management (TQM) philosophy to improve quality and reduce costs, it became necessary to involve suppliers and customers in implementing the program at all levels of the value chain. This needed close working relationships with customers, suppliers, and other members of the marketing infrastructure.

2.3 The Theoretical Framework of CRM

Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges (MAMO, 2017). Customer relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants. In customer point of view, trust, commitment, mutuality and long-term relationship with customer which are very essential factors to satisfy their customer needs and wants. Customer relationship marketing concerns attracting, developing, and retaining customer relationship (Pena et al., 2013). Relationship marketing is a new approach in the banking industry to build close and long-term relationships with its customers in order to provide an understanding of the customer and their satisfaction considering the increasing competition. The variety of goods and products causes that our customers are faced with many choices (Anushya et al., 2016). In the other hand, companies have found that the cost of attracting new customers is five times more valuable than retaining existing customers. Therefore, the loss of a customer, not only the loss of a sale item, but more significant since the loss of total purchases that the customer is able to do in life (Aka et al., 2016). Relationship marketing contains all steps that company takes to identify and provide better services to our valuable customers. The relationship marketing is the process to identify and create new value for customers, in which the mutual benefit has been considered. This benefit is shared with customer during his life. (Seturi & Urotadze, 2017) indicated that relationship marketing was mainly to match the customers

'needs and the service promise, so that the customer loyalty would increase Taleghani *et.al.* (2011). Barry (1983) defined that the relationship marketing is attracting, maintaining and enhancing relationships with customers. Customer is the only profitability source of companies in the present and future. However a good customer that makes the greater benefit it is possible to lost, the competition over access to customers is intense. Companies should emphasis to maintaining current customers and create long-term and profitable relationship (Abera, 2016). The main point is to retain customers by providing superior customer value, satisfaction (Kartawinata & Wardhana, 2013). The theoretical rationale behind the importance of and the need for CRM lies in the importance of cooperative and collaborative relationships between buyers and sellers. The CRM is relationship marketing, which has the objective of improving the long-term profitability of customers by moving away from product-centric marketing to customer -centric. Berry (1983) has defined relationship marketing as attracting, maintaining and enhancing the relationship with customers in a multi-service organization. Many researchers explain in their literature that CRM to have its roots in relationship marketing and to share its principles, that is the reason why the terms CRM and relationship marketing are used almost interchangeably in the marketing literature. The evolution in relationship marketing philosophy changed the word relationship marketing to customer relationship management-(CRM) and CRM appeared in the literature after the evolution in the relationship marketing philosophy. Hence, relationship marketing is a foundation for the emergency of CRM. Thompson (2004) stated that different definitions of customer relationship management are provided by the researchers. Some consider it as strategy, some consider as technology, some other consider it as information system. This divergence may be owed to a difference in the scientific background of these writers. As such, there is still much debate over exactly what constitutes CRM. In this context,(Sin et al., 2005a) explain that the CRM literature lacks a theoretical, integrative framework to delineate how the CRM concept can be properly translated into a comprehensive set of concrete organizational activities conducive to CRM success. Many definitions of CRM have been emerging, with each successive definition supplementing the previous ones and adding more focus to the concept and delineation of its underlying principles and dimensions. To begin with, (Homburg & Sieben, 2000) defined CRM as a method of understanding the customer behavior through intense communication with him/her to improve the performance which is represented in attracting the customer, keeping him/her and increasing his/her loyalty and profitability. Authors such as (Sin et al., 2005b) argued that CRM is a strategic business process that involves an efficient management of detailed information about current and potential customers

channeled through a carefully arranged customer "touch points" that assist in maximizing customer loyalty and minimizing costs. (Verma & Chaudhuri, 2009) stated that Customer Relationship Management has developed as an approach based on maintaining positive relationships with customers, increasing customer loyalty and expanding customer lifetime value. (San-Martín et al., 2016) defined Customer relationship marketing as a firm's practices to systematic managing of its customers to maximize value across the relationship lifecycle. (Nurbasari & Harani, 2018) defined customer relationship marketing as the overall process of building and maintaining profitable customer relationship by delivering superior customer value and satisfaction. Further more so, it could be defined as managing detailed information about individual customers and careful managing of customer "touch points" maximize customer loyalty (Rizan et al., 2014). (Soliman, 2011) defined CRM as the company use of its abilities in the field of research methodology, technology and e-commerce in order to manage customer relationships. This definition for CRM regards it as the ability to use technology in the domain of dealing with customers. (Yesha Tomar et al., n.d.) mentioned that CRM is a comprehensive strategy that includes the process of acquiring certain customers, keeping them and cooperating with them to create a distinguished value for both the company and the customer. This strategy requires integrating the functions of marketing, sales, customer service and exposition chain so as to achieve the highest competence and efficiency in delivering value to the customer. Kim *et al.* (2010) describe CRM as a process consisting of customer supervising, appropriate data collection, data management and evaluation and finally creation of the real advantage of the extracted data in their interaction. (Clark et al., 2004) believed that CRM is a concept that makes organization able to produce product or unique services to each customer and CRM gives customers a feeling that they are in the center of attention.

2.4 DEVELOPMENT OF RELATIONSHIP MARKETING

Total Quality Management

Another major force driving the adoption of relationship marketing is the total quality movement that recently revolutionized industry's perspectives regarding quality and cost. Most companies saw the value of offering quality products and services to customers at the lowest possible prices (Seth & Tripathi, 2005). When companies embraced Total Quality Management (TQM) to improve quality and reduce costs, it became necessary to involve suppliers and customers in implementing the program at all levels of the value chain. This needed close working relationships with customers, suppliers and other members of the marketing infrastructure.

Growth of the Service Economy

The third force steering in relationship marketing as discussed by (Sheth & Shah, 2003) is the growth of the service economy, especially in the advanced countries. As more and more organization depended on revenues from the services sector, relationship marketing became prevalent. This is because services are typically produced and delivered by the same institution (Sheth et al., 2000). Service providers are usually involved in the production and delivery of their services. For instance, in the case of personal and professional services, such as haircut, maid services, consulting services, accounting services, and legal services, the individual producer of the service is also the service provider. As such the users of these services are directly engaged in obtaining and using the service thereby minimizing the role of middlemen, if any. In such a situation, a greater emotional bond between the service provider and service user develops and the need for maintaining and enhancing the relationship. It is therefore evident that relationship marketing is important for scholars and practitioners of services marketing (Chenet et al., 1999).

Organizational Development Process and empowerment of individuals and teams

Another major factor leading to the rapid growth and acceptance of the Relationship marketing concept as described by (Sharma & Sheth, 2004) is the empowerment of individuals and teams as a result of certain organizational developments. According to them, these organizational changes have facilitated the growth of relationship marketing. Amongst these the most significant is the role definition of the members of the organization. Through a variety of changes in organizational processes, companies are now directly involving users of products and services in the purchase and acquisition decisions of the company. For a considerable time, these functions were managed by the procurement department as a specialized function, with little or no input from the actual users of these products and services. Thus the separation that existed between the producer and the user due to the existence of user middlemen, acting as gatekeepers, is potentially bridged in many cases. Wherever such changes are being made, direct interaction and cooperative relationship between producers and users develop (Sheth, 2000).

Increased Competition and concern for customer retention

Finally, in the post-industrialization period the increase in competitive intensity is forcing marketers to be concerned with customer retention. As several studies have indicated, retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new customers.

Marketers are realizing that it costs less to retain customers than to compete for new ones (Kandampully & Duddy, 1999). On the supply side it pays more to develop closer relationships with a few suppliers than to develop more vendors. In addition, several marketers are also concerned with keeping customers for life, rather than merely making a one-time sale (Parvatiyar & Sheth, 2001). Several studies have been done on customer retention (Magasi, 2016). Studies in Tanzania include that of (Ondieki et al., 2014), which attempted to examine factors determining bank selection and retention, and found out that the ownership of the bank and newness of the bank do not determine the bank selection and later retention by corporate customers, but rather bank services being offered, convenience of bank location, aggressive promotion and the ability to meet customers demand as well as good public image. In the study of relationship marketing and customer retention for South African banks (Rootman & Tait, 2013), revealed that six banking service delivery variables influence banks' customer retention including fee structures and the ethical behaviour of banks. On the other (Zungu & Mason, 2017a), found that service quality and switching barriers were significantly and positively associated with customer retention.

2.5 Understanding Relationship Marketing.

Based on the concepts of client retention and long-term relationships, coined the phrase "relationship marketing." Loyalty programs are seen to be among the most effective ways to keep a long-term relationship with clients and encourage them to make more purchases. The notion was expanded upon by Bull (1999), who said that marketers should start focusing on relationship-driven strategies rather than the traditional transaction-based ones. Thereafter, the concept of customer portfolio analysis was pioneered by (Frow & Payne, 2009), who stated that not all customers have equal value for the company; instead, an organization must focus on strategically significant customers. CRM is typically perceived as a tactical technological solution rather than a customer-centric strategy, according to (Babu, 2012). Relationship marketing is essential for improving client retention as well as promoting consumer loyalty. Organizations may foster a feeling of trust and emotional attachment in their consumers by building strong and meaningful relationships, and this can eventually result in long-term customer commitment (Grönroos, 2009a). Understanding each customer's distinct requirements, tastes, and behaviors and developing marketing tactics to satisfy them are crucial (Zungu & Mason, 2017b). Customers are less likely to go to rivals thanks to this individualized approach, which also increases customer satisfaction and creates a sense of connection and belonging (Ziliani&Ieva, n.d.).

It's unusual for relationships to form quickly. Sometimes, relationships change over a long period of time. It's possible to observe clients going through developmental phases throughout this time. Five main phases were recognized by Dwyer et al. (1987) as the stages through which relationships progress, with each phase signifying a significant shift in the partners' perceptions of one another. Both business-to-business and business-to-consumer partnerships may use this model, and depending on the nature and goals of the connection, there will probably be a significant variance in the duration of each stage.

2.6 RELATIONSHIP MARKETING IN BANKING SECTOR

In the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers. Most of the core product/service in commercial banking is fairly generic, and it is difficult for most banks to compete purely on this core service. Thus, recognition of the importance of relationship marketing, especially in financial services sector (Sivaraks et al., 2011) has grown in recent years. Research on relationship marketing in the banking industry emerged in the early 1990s (Dhanushanthini, 2012). Today, in the new competitive environment, the development of close, long-lasting relationships with selected target customer has been often advocated in the international literature as a major strategic tool to limit competition in markets and to defend bank profitability in the long run (Rajan, 1996). (Thakor & Boot, 2008) also add that a relationship orientation can alleviate these competitive pleasures because a relationship banking orientation can make a bank more unique relative to competitors. Thus a more competitive environment can encourage banks to become more client-driven and customize services, thus focusing more on relationship banking. Despite the absence of a unique definition of what relationship banking is, there is general consensus among authors that it is a great deal more than a way of selling; relationship banking represents a strategic choice with serious managerial implication. This means that its establishment requires the implementation of several elements (mission, policies, programs, strategies, organizational changes) that foster a customer-oriented culture, encourage mutual and continuous investment in the relationship and create a climate of trust and loyalty (Ricard & Perrien, 1999) . According to Moriarty _‘...relationship banking involves more than an emphasis on total customer profitability and cross-selling; it includes an acknowledged perception of mutual interdependence between the bank and the customer...The perceived interdependence of both parties is often based on mutual trust and openness, shared objectives, and a commitment to doing business with each other on long term basis‘(Moriarty, 1983). Boot (2000) also defines relationship banking _‘as the

provision of financial services by a financial intermediary that invests in obtaining customer-specific information, often proprietary in nature and evaluate the profitability of these investments through multiple interactions with the same customer over time and/or across products“ (see Boot 2000).The combination of these definitions allows examining the principle elements characterizing relationship banking, which can be summarized as follow:

- It is a personalized process as it is based on ongoing interaction between two parties and on a deep knowledge of customer_s financial needs
- It is a long-term process: relationship banking implies multiple interactions with the same customer over time and/or across products, aiming at increasing customer loyalty and stabilizing the bank profitability in the long run
- It must be profitable for both parties: a relationship can develop only if both the bank and the customer realize it adds value and seeks to foster their commitment and trust
- It involves a number of client-specific information, often proprietary in nature
- It tends to be asymmetric; according to the literature, in banking relationship the overall quality and effectiveness of the relationship generally rest on the service providers.

2.7 Definition and principles of relationship marketing.

Prioritizing long-term connections above quick transactions with clients is a fundamental tenet of relationship marketing. Relationship marketing, according to (Omar et al., 2016), places a strong emphasis on knowing and satisfying each individual customer's wants and aspirations in order to foster loyalty and improve client retention. This may be accomplished by putting into practice tactics like tailored communication, first-rate customer service, and encouraging commitment and mutual trust between the business and its clients (Jayaraman&Luo, 2007).

2.8 Customer retention

The degree to which a person feels content or dissatisfied with a product after comparing its perceived performance or outcome to their expectations is known as customer satisfaction, according to (Puspitaweni et al., 2021), evaluating the gap between management expectations and customer perspectives is one method of determining how satisfied customers are.

(Banytè et al., 2007) define customer satisfaction in the context of business as the extent to which a company's goods and services either meet or surpass the expectations of its clients. There has been a great deal of research on contentment, yet definitions of what contentment is have not agreed upon.

Client satisfaction is particularly crucial to service recovery because; when their complaints are addressed appropriately, disgruntled clients are more likely than satisfied ones to show positive behavioral intentions. Customer loyalty, or retention, measures how committed a consumer is to a business's goods or services and how likely they are to choose that brand over rivals. Customer happiness and loyalty are strongly correlated because satisfied consumers often choose the companies that best suit their demands (Alhassan & Yousuf, 2012). Consumers that are loyal are committed to using a specific brand or business above others and do not show any outward signs of being open to doing business with other companies. Retention of consumers is fueled by a company's unwavering dedication to producing high-quality products and providing excellent customer service. As a result, in order to cultivate brand loyalty, businesses must consistently provide clients with high-quality goods or services (Karim et al., 2023). Giving loyal clients rewards and loyalty programs in exchange for their ongoing business in the face of rival options is another sensible strategy to increase customer retention. Customer loyalty, according to Etim et al., (2020), is the frequent and ongoing support a company receives from its clients despite other businesses' attempts to sabotage the partnership and alternative economic approaches. Customer loyalty, according to (Robert et al., 2018), is demonstrated when consumers prefer to patronize a certain store or purchase a specific product over those made by other businesses. When consumers buy a certain brand or product on a regular basis for a long time, they are demonstrating their loyalty as customers.

2.8.1 Customer care and customer retention

Customer care is how customers are treated when they interact with a brand. It includes all experiences with the company and its employees before, during and after a purchase. Etim et al., (2020b) argued that customer care remains a critical part of customer service given that it encourages the development of harmonious emotional interrelationships between a brand and its target customers. It is the process of building an emotional connection with customers by offering support, advice and assistance to them at every point of service encounter. Eyonam & Kofi, (2018) view customer care as the provision of support services to customers before, during and after their needs have been met. It is how a firm's personnel treat customers from the moment they walk into the shop until they leave. Politeness, respect, courtesy and empathy are the most attractive customer care attributes sought by customers. The quality of customer care service received by a subscriber determines their future purchase tendencies and loyalty. Etim et al., (2020c) believes that customer care involves offering support services to customers to make certain that they enjoy satisfactory and exciting experiences with the company's products,

services or brands. The delivery of fast-paced and supportive customer care services to customers has the capacity to boost customer satisfaction and encourage customer retention. This premise is supported by the study of (Adefarasin & Toludare, 2018a), which revealed that customer care had a significant positive effect on customer loyalty of Mobile Telecommunications Network (MTN) in Lagos, Nigeria. The premise is also bolstered by the study of Husnain&Akhtar, (2016), which revealed that customer care had a significant positive correlation and effect on customer loyalty towards Pakistani banks.

2.8.2 Benefits of Customer Retention

Customer retention provides several benefits to an institution Abratt& Russell, (1999). In reality, customer who stays with an institution or company for long is much more profitable than searching for prospects (Rust et al., 1995). Numerous reasons such as reducing high cost of searching and catching the attention of prospects, expanding the volume of sales and profits, and advertising by customers through word of mouth. When customers understand clearly the services of the company, this influences the customer's willingness to stay with the institution hence customer retention. Furthermore, customer retention positively affects the organizations returns, productivity, reducing switching of customer to competitors and introducing fresh prospect (Salazar et al., 2004). Additionally (Reichheld& Teal, 1996), recommend that when a customer gets use to the company's dealings, they make very important business connections, purchase many products, and become less responsive to price of the products of the company. In the midst of all these benefits, Kamakura et al., (2005) states cross selling as an important tool for ensuring quality relationship with customers.

This leads to increase in product consumption by customers thus cross-selling merely supports customer retention which prevents customers from moving to competitors. When customers stay with the organization for long, it enables the company to appreciate the consumers purchasing behavior in terms of their choices of products and occasion. According to (Beckett et al., 2000), some customers pretend to be loyal to a particular service provider even though they despite their activities because of three main reasons below.

Firstly, they are unable to distinguish amongst them. Secondly, customers are enticed by accessibility to the service provider. Thirdly, customers view the cost of changing to a competitor as high, and perceive the exercise tedious and useless.

2.9 Relationship Marketing and Customer Retention

Relationship marketing is a core strategy used by firms to establish, maintain and enhance profitable relationships with clients, while ensuring benefits for both the firm and its clients (Grönroos, 2009b). (Hettiarachchy & Samarasinghe, 2016) define relationship marketing as the activities implemented by banks in order to attract, interact with, and retain more profitable clients. Customer retention refers to a firm's zero defections 'of profitable consumers or no switches from profitable consumers to competitors (Mahmoud et al., 2018) define customer retention as the longevity of a consumers relationship with a firm. Based on the literature, the variables that can possibly influence banks' relationship marketing and customer retention includes, trust, bonding, empathy, communication, knowledge ability, empowerment, personalization, fees, ethical behavior and technology.

2.9.1. Examples of successful relationship marketing strategies.

There are several effective relationship marketing techniques covered in this paragraph. One illustration would be the introduction of loyalty programs, which incentivize and reward consumers for their continuous support. As an illustration, airlines have frequent flyer programs that let users earn points that may be redeemed for complimentary flights or other benefits (Li et al., 2015).

Personalized communication, in which businesses provide offers and messages specifically designed to interact with clients on a personal basis, is another effective tactic (Reinartz et al., 2005). For example, Starbucks uses consumer names on cups and tailors recommendations based on previous purchases to make interactions with consumers more personal (Wedel & Pieters, 2007). These instances show how effective relationship marketing techniques may raise client loyalty and retention rates.

Relationship marketing has been a key tactic for companies looking to keep clients and create lucrative, long-lasting partnerships in recent years. Relationship marketing, according to (Mandina, 2014), is centered on forging and preserving close bonds with clients by learning about their requirements and preferences. By doing this, businesses may provide customized.

2.10 Consumer behavior

The study of consumer behavior examines how people, communities, and organizations choose, acquire, use, and discard the products, services, concepts, or experiences that best meet their needs and desires, according to (Milichovský, 2013). In their Louvieris et al., (2003) aimed to comprehend how the availability of internet multi-channel access has affected consumer behavior and, in turn, how this

has affected customer relationships. Interactive online services have been found to be beneficial in fostering client loyalty and engagement. In contrast to Kim et al., (2014), who examined the behavioral differences between first-time and repeat hotel guests, Maggon&Chaudhry, (2018) investigated the relationship between customer satisfaction and customer attitude of leisure travelers from a CRM perspective. They found that first-time visitors have greater degrees of attitude loyalty. Offerings and experiences that eventually boost customer pleasure and loyalty. This strategy tries to create long-lasting connections that lead to recurring business and favorable word-of-mouth referrals, going beyond transactional exchanges (DeWitt & Brady, 2003). Relationship marketing has garnered considerable interest from both academic and commercial sectors due to its many advantages for businesses looking to increase market share and improve client retention.

2.10 Dimensions of Customer Relationship Marketing

Customer relationship marketing has the following key dimensions:

2.10.1 Communication and customer retention

Communication is defined as "The amount to which a business connects with its regular consumers in a friendly and personal way," according to the definition. Feelings of familiarity and friendliness, personal knowledge, and the usage of the client's family name and/or first name on the sales spot all show such a relationship (Ben Naoui & Zaiem, 2010). Also, communication is described as the exchange and sharing of relevant and timely information between buyers and sellers, both in a formal and informal manner (Sin et al, 2002). The ability to offer timely and reliable information is referred to as communication. In the concept of relationship marketing, communication is the back-and-forth transmission of information between a business organization and its customers in order to achieve established business objectives (Rajah & Al-Islami, 2014). Communication is defined as the formal as well as informal exchanging and sharing of meaningful and timely information between buyers and sellers (Anabila et al., 2012). Communication, in relationship marketing, involves keeping in touch with valued customers; providing timely and trustworthy information on service and service changes; and responding proactively if a delivery problem occurs (Oly Ndubisi & Madu, 2009). The seamless flow of communication between a service provider and service consumers provides the mechanism for the service provider to understand customers' needs and to satisfy them effectively, thereby improving customer retention. This assertion is corroborated by the study of (Ibrahim et al., 2015b), which revealed that communication had a significant positive impact on customer loyalty to privately-owned hospitals in Kaduna. The assertion

above is also supported by the study of (Emmanuel et al., 2016), which revealed that communication had a significant positive relationship and effect on consumer loyalty of Mobile Telecommunications Network (MTN) in Lagos.

2.10.2 Trust-building and customer retention

Trust is a willingness to rely on an exchange partner in whom one has confidence" A supplier's or service provider's betrayal of this trust could lead to defection (Ndubisi,2005). A belief or conviction about the other party's intentions in the relationship is characterized as trust. In the context of relationship management, trust is described as a characteristic of a commercial relationship that defines how much each party believes they can trust the other's promise to be true (Chattananon & Trimetsoontorn, 2009).

In the marketing context, trust is customers' confidence in the capacity of a firm to effectively and satisfactorily meet their needs and requirements. A customer trusts a firm when he believes and is assured that the firm has the expertise and competency to effectively serve his needs and wants (Bradley et al., 2018). In the view of (Olayinka & Odunlami, 2018a), trust entails customers' expression of confidence or reliance in the ability of firms to provide products and services that are accurate, reliable, appropriate, valuable and capable of satisfying their needs and expectations. An organization can build trust with customers by being honest in all its operations; providing truthful and unadulterated information about the real performance or quality of its products and services; taking responsibility and apologizing to customers in the event of product or service defects; consistently delivering high quality products/services and ensuring to satisfactorily fulfill promises made to customers. Just as trust is a vital prerequisite for long term relationships among groups of people to survive, trust is also very consequential for the establishment and maintenance of relationships between a firm and its customers (Jackie et al., 2017). Furthermore, (Olayinka & Odunlami, 2018b), assert that the issue of building trust with customers is even more important and critical when it has to do with service marketing, due to the unique challenges of marketing services. Services are intangible, meaning the customer cannot see the quality of the service before paying for it, which makes customers more critical when it has to do with patronizing service-providers. Existing studies by previous researchers indicate that trust building significantly enhances customer satisfaction and retention. This position is backed by the study of Odili et al., (2020), which found that trust building had a significant positive association with customer retention to telecom networks in Enugu. Similarly, the above-presented position is reinforced by the study of Adefarasin&Toludare, (2018b), which revealed that trust building had a significant positive effect on customer loyalty of Mobile Telecommunications Network (MTN) in Lagos, Nigeria.

2.10.3 Empathy

Empathy is the dimension of a business relationship that enables the two parties to see the situation from the other's perspective. It is defined as seeking to understand somebody else's desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense. Empathy may be concerned with liking someone or some organization. In the initial stages of a relationship it is important that the seller empathizes with the buyer but, as the relationship develops, empathy from both parties becomes increasingly important. Liking the other on the behalf of each party develops a close interpersonal and business relationship and gives a more positive outlook to each party. Empathy is the ability to share and understand another person's state of mind or behavior. Empathy is characterized by looking expressions of the people facial expression or body movement, or by hearing their tone of voice, which will have immediate response on how they feel and treat them in the manner they would like to be treated (Oly Ndubisi & Kok Wah, 2005).

2.10.4 Commitment

Commitment is another important determinant of the strength of marketing relationship and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency (Gundlach et al., 1995). Customer commitment is defined as the customer's durable intention to develop and sustain the relationship with the supplier on the long run (E. Anderson & Weitz, 1992). (Egan, 2003) suggests that commitment is central to relationship marketing. At the same time (Conway & Swift, 2000) feel that the level of commitment a partner feels towards that relationship is of great importance in developing relationships. In contrast Hocutt (1998) views commitment as "an intention to continue a course of action or activity or the desire to maintain a relationship". Morgan and Hunt (1994) reported that trust and commitment are paired in the relationship marketing literature. Both trust and commitment are invariably associated with the prerequisite that the relationship is of significantly high importance to one or both parties. Commitment is defined by psychologists by decisions that bind an individual to a behavior (Kiesler, 1971 cited in Ndubisi, 2008). While commitment in marketing literature is defined 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 (Gundlach et al., 1995). It is also means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs. At the same time, communication refers to the ability to provide timely and trustworthy information (Ndubisi and Chan, 2005). Today, there is a new view of communications as

an interactive dialogue between the company and its customers, which takes place during the pre-selling, selling, consuming and post-consuming stages (Ndubisi, 2008).

2.10.5 Conflict Handling

Conflict is defined as "tension and frustration between two or more social entities arising from the incompatibility of actual and desired responses," is an opportunity for the company to demonstrate its commitment to its client by resolving the conflict and being willing to openly discuss reasons and possible satisfactory solutions (Shalaby et al., 2024). Conflict handling, according to (Dwyer et al., 1987b), is described as a supplier's capacity to avoid possible conflicts, resolve manifest disagreements before they become problems, and discuss solutions openly when problems do develop. Whether the conclusion is loyalty, "leave," or "voice" depends on how well this is done. Interpersonal conflict is most affected by communication frequency and bi-directionality, and communication should be relevant, supportive, and appropriate to be more effective component on customer loyalty (Gilbert, Veloutsou, Moutinho, & Goode, 2004). Based on the above discussions the following hypothesis is developed.

Ndubisi and Chan (2005) found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived relationship quality. The ability of the product or service provider to handle conflict appropriately will also directly influence customer loyalty. It is important that companies select their partners carefully, share common values, and maintain excellent communication at all times during the relationship continuum. Ultimately, the key factors that hold a relationship together are goal compatibility, commitment, trust, satisfaction, investments, social and structural bonding, and a favorable comparison with alternatives (Wilson and Jantrania, 1994).

2.10.6 Responsiveness

Responsiveness is Willingness to help customers and provide prompt service (Ananth et.al, 2010;Kheng et. al.,2010). Responsiveness is the willingness to support customers and provide them immediate services right on demands. Responsiveness has to do with the degree with which the selected banks were able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management at Point of Service. However, Taiwoet. al. (2011) described that responsiveness is the degree to which customers perceive service providers 'readiness to assist them promptly. Therefore, showing sincerity and willingness to help customers are some of the key issues in

responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services.

2.11 Measuring customer Retention

Customer happiness has been identified by the company as a critical component of their performance in terms of customer satisfaction. The confirmation/disconfirmation process, which takes place when customers feel their expectations have been met, is typically used to gauge customer satisfaction (Simpson & Tran, 2006). In a similar vein, expectations shape consumers' real experiences, which in turn shape their judgment of the quality level. Both objective factors, like qualities of the goods and services, and subjective factors, such customer requests and emotions, can affect satisfaction. In the banking industry, one strategy that helps to keep clients happy is to use the right marketing tools at the right place at the right time of service delivery. Marketing may be defined as a social and managerial activity that involves the creation, offering, and exchange of valuable items to meet the needs and desires of individuals and groups (Kotler & Armstrong, 2010).

2.12 Customer Acquisition

Customer acquisition is the first phase in monitoring consumer life cycles, and it applies to modern customers strategies. As a boss, they also carry in what they do to build a reliable foundation for customers. The purchase usually consists of three important decisions, including the candidates, how contact will be conducted, and their offers. The process of defining, addressing and developing new Connection between customers is known as a method. As investment is about to be completed, it is necessary to choose options with which the most important customer can become strategically important. One of the most important steps of Customer Relationship Development is selecting the correct consumer and strategies for figuring out more about the new customers. The condition of a company influences the value of the retention of consumers. In the business acquisition, an existing entity is not as involved as a new one, so it is quite subjective to where an organization stands. Several problems are of interest in the retention of consumers. For customer acquisition, the current costs in customer purchases in the company's main market must be calculated, and the individual customer segments must be adjusted. Customer acquisition is ethical act here is no disputing the value of customers in a business. Both companies concentrate on consumer purchases when a new product is introduced. No new start-ups with anything. It is very important for start-up companies that want to concentrate on acquiring customers as they do on maintaining. The influence of a single customer in a

company is overwhelming. A business can only gain more new customers; a failure of one client can have devastating effects on a company. Customer acquisition is always important in the face of natural attrition. Objectives, platforms and deals often form the basis of questions when an investment strategy is queried. If a company has a customer acquisition strategy, knowing the difference distinctly from the maintenance plan. It is important to remember that both proposals have as many similarities as they are different, as they are both funded together.

2.13 Bank marketing

Bank marketing is defined as a set of banking strategies that impact the process of providing banking services as effectively as possible in order to satisfy the needs of target customers (Ly-Chatain et al., 2013). The first phase in a company's marketing effort is choosing which market to offer goods or services to. Businesses must be aware of the characteristics of the market in order to evaluate its overall state (Lalitha& Prasad, 2010). Bank marketing, according to Ateba et al., (2015), is a combination of operations designed to better and more effectively fulfill consumers' financial needs and aspirations than those of rivals. Said that a bank needs to offer exceptional customer service in order to survive and grow in the competitive market of today. Banking marketing may make it easier to obtain a long-term competitive edge in the fiercely competitive financial markets (Kakkuri, 2020).

2.14 The Importance of Relationship Marketing in Banks

According to private banks activation, competition development and communication and information development at international level, today absorption and maintenance of customers in the country banking industry has been complicated by many degrees that itself led to reduction of banks interest (Rezvani et.al, 2011).Today's banks should see their function in the customer reflection and try to understand wants and desires of customers to attract customer satisfaction. Today, in marketing, the cost of losing a customer is equal to the loss of benefits which the bank obtains from the customer service and this is an alarm for a bank. In addition, benefit of services that could gain from new clients was losing. Therefore, customer orientation is a very sensitive element that we need to consider. For banks, to maintain customers and constant communication with customer is essential to the different forms. This connection can be through the head or each employee of office. All banks try to attract customers through advertising and other means of communication. When the customer of bank faces with a problem in a branch of the hurdles, tries to provide the needs in other bank. Therefore, regarding

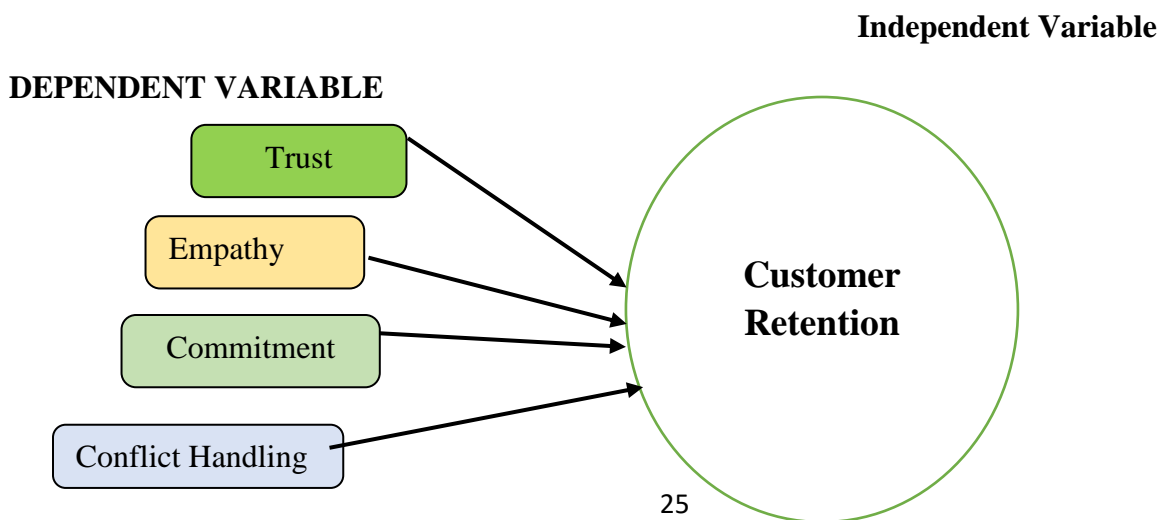
to the intense competition in banking, a bank that can provide customer satisfaction, was more successful (Ebrahimi & Roodani, 2009).

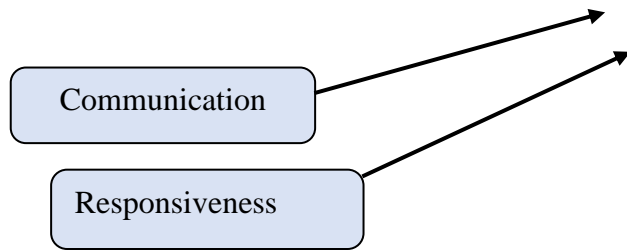
2.15 Impact of Customer Relationship Marketing on Banks

According to the ICRM group certain factors lead to the proper building of customer relationships that ensures a proper relationship between the banker and the customer. Most often than not, there have been attempts to ensure good relationships between the bankers and customers but these have seen only one aspect of where customer database is kept to identify their profile and contacts. However it is not enough to establish a firm relationship that will build customer comfort confidence and for that matter loyalty. It is therefore important that management consider the strategy of adopting good relationship marketing strategies and identify the needs of customers and meet them (ICRM, 2010).

2.17 Conceptual Framework

The degree to which a business cultivates a long-term relationship with its clients is measured by relationship marketing parameters. Numerous factors have been identified by various literatures as potentially influencing relationship marketing's ability to win over clients' retention. The goal of this study is to determine how six customer relationship marketing dimensions trust; commitment, communication, empathy, conflict handling and Responsiveness affect customer retention in Commercial bank of Ethiopia on Werabe branches. It is based on a combination of models that have been presented in previous studies, including those by (Auruskeviciene et al., 2010)





(Auruskeviciene et al., 2010)

Figure 1. Conceptual framework

Incorporate hypothesis may be written as follows

H1; Trust has positive and significant effect on customer retention

H2; Empathy has positive and significant effect on customer retention

H3; Commitment has positive and significant effect on customer retention

H4; Conflict handling has positive and significant effect on customer retention

H5; Communication has positive and significant effect on customer retention

H6; Responsiveness has positive and significant effect on customer retention

2.10 Empirical Evidences

According to (Velnampy & Sivesan, 2012b) have conducted a study on Customer Relationship Marketing and Customer retention a study on Mobile Service Providing Companies in Srilanka. The main purpose of the study is examining the relationship between customer relationship marketing and customer satisfaction. Customer relationship marketing can be measured through following ten variables trust, commitment, empathy and equity. Data were collected through a seven points Likert type summated rating scales of questionnaire. A sample of one hundred and seven customers was surveyed from three mobsile service providing companies such as Airtel, Dialog, and Mobitel. Correlation and regression analyzed has been employed to measure relationship and contribution among the dependent and independent variables. The finding reveals a positive and significant relationship between relationships marketing and customer satisfaction.

Taleghani et al., (2011) this research aimed to empirically investigate the impact of relationship marketing underpinnings (namely trust, commitment, communication, conflict handling, bonding,

shared values, empathy, and reciprocity) on customer loyalty in the banking industry. A survey was conducted, collecting data through a questionnaire containing 34 items that was completed by 384 randomly selected bank customers and multiple regression analysis was used for data analysis.

The results revealed that the all underpinnings of relationship marketing were directly associated with customer loyalty and they had a significant effect on it. Therefore it is reasonable to conclude that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, handling conflict efficiently, paying attention to shared values, improving the empathetic and reciprocal abilities of the salespeople, and developing strong bonds between buyers and sellers. Bizuwork, (2017) have investigated on relationship between relationship marketing and customer loyalty case study on Pasargad bank in Mazandran province. The main objective of the study is to add to understanding about the role of relationship marketing tactics in customers' loyalty. Sample size is determined using Cochran Sampling method which the statistical sample is 396 of these bank customers which have been selected through the simple random sampling method. Questionnaires reliability is estimated by calculating Cronbach's Alpha. In order to analyze the data resulted from collected questionnaires deductive and descriptive statistical methods are used. Finding show that correlation results has a positive relationship between trust, commitment, communication, conflict management and competence as independent variable and customer loyalty as dependent variable. Therefore, as the level of trust, commitment, communication, conflict management and competence increase the customer loyalty.

Rootman, (2010) have conducted a study on relationship marketing and customer retention best lessons from banks in South African Canada and the UK. In the investigations, insight has been given into the relationship marketing and customer retention strategies of banks in South Africa, Canada and the UK and its contribution. More specifically, the article provided insight into the extent to which selected independent variables (relating to banks' activities, actions and methods) influence banks' relationship marketing and customer retention, and into practical strategies that can be learned from successful international banks. As banks are important contributors to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. Banks therefore need to familiarize themselves with service delivery activities and methods and should constantly adjust to improve their relationship marketing efforts and customer retention levels. The empirical findings of this study have established that six relationship marketing variables to

have a positive influence on the customer retention and loyalty of South African, Canadian and UK banks. The study revealed that trust, bonding, commitment, responsiveness, empathy and competence are important for South African and other developing banks to partner with Canadian and UK banks and to regularly benchmark themselves against these banks in order to develop as institutions and to discover how to adapt their banking aspects. If banks follow these strategies, their relationship marketing would improve, and relationships with clients would be better maintained. As the study showed, this would also increase banks' customer retention rates, recruiting potential of new customers, customer loyalty and potential of mobilizing deposit, which is crucial in the competitive banking environment in which these banks operate.

The study conducted by Zeithaml et al (1996) on The Effect of Service Quality on Customer Retention examined customer retention and defection from an organization in the context of customer service quality. The study concluded that the better a company's service-quality scores were, the higher the loyalty and pay more intentions were, and the lower the switch and external responses were. However, they noted that the relatively few customers had left their service firms despite of good service quality. This means that service qualities alone are not the only factors that retain customers in the firm. Another study by (Walter et al., 2000) on Influence of Customer Trust and Commitment on Long-term Relationship, found that successful relationship marketing requires relationship commitment and trust. However, other constructs of relationship marketing such as customer satisfaction, commitment and relationship were not also included in that research. This research must include them to fill up the gap. Furthermore, Cohen et al., (2006) did the study by empirically examining the potential constructs in customer retention in the New Zealand banking industry by investigating the chain of effects of retention from customer satisfaction, customer value, corporate image, switching barriers to competitive advantage. This finding was that consumers can be highly satisfied but still leave their service providers. Hence from that results it clearly shows that satisfaction only is not enough and a satisfactory factor to retain customers.

In addition, the gap still exists since the researcher did not observe other constructs such as trust and commitment which actually may have the profound effects on customer retention. Onditi (2012) revealed that it is possible to increase customer loyalty by about 4.6% through manipulating quality of service. The study contributes to the validation of the determinants of customer loyalty. Similarly, Auka et al., (2013) investigated the relationship between service quality dimensions and customer loyalty in Retail Banking in Kenya. The results indicated that all the dimensions of service quality had

the positive and significant influence on customer loyalty in retail banking. (E. TESFAYE, 2018b) investigated the “Determinants of Customer Retention in Commercial Banks in Tanzania”. The study discovered that academics need to incorporate quality of products provided by the banks together with pricing of banks products in customer retention models. For Bank of Tanzania, there is a need to expand monitoring and include quality of the products provided by banks to determine the sustainability of banking industry. Again, Elly (2010), conducted the study on “Service Quality and Customers Retention in Tanzania Commercial Banks”, with the purpose of investigating the link between service quality and customers loyalty. The research findings revealed that the overall service quality provided by the commercial banks had a direct relationship with customer loyalty. However, despite of improving bank services still other customers could leave the particular bank (Auka, 2013 and Elly, 2010). From the four researchers still there is a contradiction on the best strategies which can be applied to retain customers since it seems that maintaining service quality alone is not a sufficient factor.

CHAPTER THREE

RESEARCH METHODOLOGY

3. INTRODUCTION

This chapter contains research approach, research design, target population, sample size and sampling technique, data source and instrument of data collection, model specification, variable measurement questionnaire, how reliability, and validity test. In the end, the method of data analysis and ethical consideration are presented.

3.1 Research Approach

According to (Creswell, 2011), there are three approaches of research;. The following discussions briefly presents the basic features of these research approaches. Quantitative research is a means for testing objective theories by examining the relationship among variables. On the other hand, qualitative research approach is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem with intent of developing a theory or pattern inductively. Mixed approach uses the combination of both quantitative and qualitative approaches. Since the purpose of this study was to investigate the effect of customer relationship marketing on customer retention, it infers the relationship between the six dimensions of relationship marketing and their influences on customer retention. The research approach adopted for this study was, thus, the quantitative research approach. (Greener et al., (2018) posit that quantitative research is the best approach to use when testing a theory or explanation. Thus, applying quantitative research approach is considered to be appropriate.

3.2 Research Design

Based on purpose, research design is classified into three main categories such as descriptive, exploratory, and explanatory research (Arbale & Mutisya, 2024). The goal of exploratory research is to

discover ideas and insights; descriptive research is usually concerned with describing a population concerning important variables. Explanatory research is used to establish cause-and-effect relationships between variables. It is a causal analysis concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables. This study, thus, adopted explanatory research design for the reason that it aimed to examine the effect of customer relationship marketing on the customer retention. It sought to investigate the relationship between the independent variable of customer relationship marketing and customer retention. For the reason that explanatory research design is used to establish cause-and-effect relationships between variables. It is thus a study of functional relationships existing between two or more variables (Gupta et al., 2004).

3.3 Population

According to (Hair, Sarstedt, Ringle, et al., 2012), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. Therefore, for this study, the target population consist customers of Commercial Bank of Ethiopia at Werabe town branches. Also, the four branches namely Duna branch, Werabe main branch, Halal branch and Alkesobranche at Werabe town were targeted for ease of data accessibility and manageability despite other constraints. According to the database of CBE, as of March 2024, there were a total of 62,865 registered customers who have bank accounts at the aforementioned four branches.

3.4 Sampling Technique

There are two known sampling techniques; probability sampling and non-probability sampling. The non-probability sampling is a method in which sampling units are taken purposely by the researcher whereas under probability sampling each sample unit in the target population has an equal chance to be included in the sample (Bell, 2008). The former is subjective and depends on the judgment or the justification of the researcher while the latter is all about random (equal chance) of being selection.

In the course of selecting a sample of 392 respondents out of the targeted study population, the researcher used a non-probability sampling techniques and convenient sampling techniques. First, the four branches at Werabe town were selected by using non-probability sampling technique for manageability and accessibility for data collection. According to Saunders, (2012), a purposive sample is the one whose characteristics are defined for a purpose that is relevant to the study. Second, the

individual respondent was chosen through the use of convenience sampling technique which is drawn from a source that is conveniently accessible to the researcher. Thus, willing and convenient respondents were selectively chosen as they come to consume the banking service. Since the number of bank customer was large enough to conduct census, and hard to get the complete list of customers of the targeted four branches in Werabe town, this makes the probability sampling technique impractical as the entire list of the four targeted branches' customers are required to draw eligible respondents randomly.

3.5 Sample Size

Sample size refers to the total number of units that were chosen for analysis in the research investigation. It is also determined by the type of investigation and the intended application of the results (Kumar, 2011). According to CBE's branches found in Werabe town database (2024), the sampling frame constitutes a total of 62,865 registered customers at four branches at Werabe town. Determining sample size is very important issue because too large samples are uneconomical while too small samples may lead to inaccurate results. When the size of population is known, the sample size is calculated based on Yemane's (1967) formula for proportionality of sample for known population. However, if the total sampling frame counts more than 10,000 elements, to use Cochran sample size determination formula for unknown population is also appropriate (Sim et al., 2018). Despite the exact number of study population was known, Cochran's formula for unknown population was adopted to determine the sample size of the study population. The Cochran formula allows calculating an ideal sample size given a desired level of precision, desired confidence level, and the estimated proportion of the attribute present in the population. Cochran's formula is considered especially appropriate in situations with large populations. The formula is:

$$n = \frac{Z^2 \times p}{(e^2)} = \frac{1.96^2 \times 0.5}{(0.05^2)} = 392$$

Where: $Z^2 = 95\%$ of confidence level and equals 1.96

P = expected prevalence which equals 50%

e^2 = the level of precision or sampling error and equals 5% (0.05)

Therefore, the sample size was a total of 392 customers'.

Table 4.sample proportion per stratum

Stratum	Population	Proportion	Sample Size	Sample Size Proportion	Total
Werabemain branch	30,345	0.482	392	0.482*392	189
Duna branch	12,257	0.194	392	0.194*392	76
Halal branch	9,890	0.157	392	0.157*392	62
Alkeso branch	10,373	0.165	392	0.165 *392	65
Total	62,865	100%			392

Source: Werabe CBE Customer Database, 2024

3.6 Source of Data collection

The source of data for this study was largely dominated by primary data. According to Kothari et al., (2009), the primary data are those which are collected a fresh and for the first time and thus happen to be original in character. Data that have been observed, experienced or recorded close to the event are the nearest one can get to the truth, and are called primary. The data used for the analysis of this research were collected from the primary source - individual customer of CBE at Werabe town.

3.7 Data Collection Method

The survey was conducted in person for the fulfillment of academic requirement. It is a data collection method in which participants are asked to respond to a set of questions. A survey questionnaire was an appropriate tool for a quantitative study when the research goal was to characterize the occurrence of an event or the effects of a given input because it allowed for the collection of a large amount of data (Yin, 2003). As a result, the survey questionnaire is thought to be critical for this study.

Total sample of 392 questionnaires were distributed to customers of four branches of CBE in Werabe town. First, the branch managers were asked for their permission to conduct the survey during the working hours of the bank. Once the permission was granted, and then contacted the HR managers to assign a coordinator to help or guide the researcher on how and when to contact the customers so as to not disturb the operation of the bank. Then, the targeted respondents were briefed the purpose of the study clearly by the researcher, and then asked for their consent to fill the survey.

After having their full consent, then the researcher distributed the questionnaire for volunteer respondents as convenient and they filled and returned the questionnaire back to the researcher

accordingly. The questionnaire was translated from English to Amharic because most of the respondents had the language barrier.

3.8 Data Collection and Research Instrument

There are different primary data collection instruments. Among them, self-administered questionnaire was used to collect the primary data in order to obtain opportunity to probe or ask questions, control the respondent response through designing the questions well properly, increase the reliability and credibility of the research data, and makes a judgment of what most people think through asking the sample respondent. This questionnaire was adopted from the questionnaire developed by Peterson (2016). Preliminary draft of the questionnaire was pre-tested to improve upon the clarity of the question items and pretested for reliability of the adopted measuring scale with 5-point Likert scale. The reliability test of Pimm et al., (2017) data collection instrument was found reliable the fact that the results scored above the threshold (Cronbach's Alpha > .70) as illustrated in Table 2 below.

3.9 Reliability Test

To evaluate the research instruments, reliability is one of the major criteria. Reliability estimates the consistency of the measurement or simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is, if something is measured many times and the result is always the same, then we can say that the measurement instrument is reliable (John, 2007).

Application of internal reliability refers to the multiple-indicator variables. If a variable is internally reliable, it is coherent. I.e., all the constituent indicators are measuring the same thing (Bell et al., 2022). Cronbach's Alpha is a commonly used test of internal consistency. It essentially calculates the average of all the possible split-half reliability coefficients. Alpha coefficient ranges in value from 0 (denoting no internal reliability) to 1 (perfect internal reliability). Higher results (>.07) are typically employed as a rule of thumb to denote an acceptable level of internal consistency.

In this study, Cronbach's alpha test is used to test the internal reliability of the study variables in part II of the questionnaire with multi point formatted questionnaires or scales (that is, rating scale: 1= strongly disagree

2 = disagreed, 3 = neutral, 4 = agree and 5 = strongly agreed).

Table 5. Reliability Test Results

Measurements	Number of items	Cronbach's alpha
Trust	6	.768
Empathy	3	.735
Commitment	3	.726
Conflict handling	5	.709
Communication	4	.762
Responsiveness	5	.716
Customer retention	5	.792

Source: Own Survey, 2024

In this study as shown on Table 2. The relationship marketing that affect the customer retention was measured separately and their reliability test (Cronbach's alpha) values were determined. Regarding relationship marketing, specific Cronbach's alpha equals to Trust = .768, Empathy = .735, Commitment = .726, Conflict handling = .709, Communication=.762 and Responsiveness = .716. Similarly, customer retention Cronbach's alpha was found to be .792. This indicates the stability and suitability of the results for this study, i.e., all questions were in an acceptable level of internal reliability.

3.10 Validity Result

Validity refers to the extent to which data collection method or methods accurately measure what they are intended to measure (Orue et al., 2019). Different steps were taken to ensure the validity of the study. Data were collected from the reliable sources, from respondent who have experiences in banking services. Survey questions were made based on literature review and frame of reference to ensure result validity. In selecting a relevant measure for an outcome variable, it is critical that logical inferences can be made from the operation upon which the measure is based to the theoretical constructs relevant to the study.

The aforementioned validity tests were also checked to ensure the quality of the research design. The researcher had established the questionnaire in its final version, after highlighting some previous studies related the subject of this study. Then it was subjected to be reviewed by some specialist in scientific research. Their comments and recommendations were taken into consideration to modify the questionnaire to have its final shape.

3.11 Model Specification

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the value of

dependent variable, given the value of the independent (Kothari, 2004). The basic aim was to see the extent to which the customer relationship marketing practice affects the overall customer retention in terms of coefficient of determination (r^2 value), the regression coefficient (beta coefficient) and the p-values (ANOVA Test) for the significance of each relationship.

Before conducting the multiple regression analysis, regression assumption tests (multi-Collinearity, homoscedasticity and normality) were carried out; and correlation test was also conducted to quantitatively describe the strength of the association between the variables. According to hair (2016) the Pearson correlation coefficient measures the degree of linear association between two categorical variables. It varies between -1.00 to +1.00, with 0 representing absolutely no association between the two variables. Empirical model applied in this study was, thus, formulated a multi-regression analysis model for investigating individual effect of each independent variable. To do so, the relationship between the variables is formulated as:

The effect of customer relationship marketing on customer retention

Where: Y = Overall Customer retention; x_1 = Trust; x_2 = Empathy; x_3 = Commitment; x_4 = Conflict handling; x_5 = Communication; x_6 = Responsiveness e = error term; β_0 = constant, term; $\beta_1, 2, 3, 4, 5, 6$ = coefficient terms of the corresponding listed variables.

3.12 Variable Measurement

The variables are attitudinal and were measured using a Likert scale with five response categories (strongly disagree, disagree, neutral, agree, and strongly agree). “The Likert scale method was preferred to make questions interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate” (Robson, 2002). Regarding the questionnaire, it was adopted from Peterson’s (2016). It had two parts. The first part comprised general information of the respondents, while the second part refers to the study variables (both independent and dependent). The independent variable considered in this study, were customer relationship marketing, whereas the dependent variable was the customer satisfaction.

Independent variables included Trust (6), Empathy (3), Commitment (4), Conflict handling (5), Communication (4), and Responsiveness (5). The respondents were asked to describe on a scale with 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

Dependent variable customer retention (7). While customer Retention was also rated as 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

3.13 Plan of Data Analysis

Both descriptive and inferential statistics were used to analyze the quantitative data gained through structured questionnaire. All the variables were coded and entered into the SPSS 21.0 to analyze data obtained through questionnaires.

Descriptive statistics was used to describe the usefulness of the data set while the inferential analysis for examining the relationships between the variables. In order to describe the data, preliminary descriptive statistics such as frequency, percentages, and mean scores were computed.

Inferential Statistics - Multiple regression analysis was performed using the customer relationship marketing dimensions as independent variable and the customer retention as dependent variable. The basic aim was to see the extent to which the customer retention of CBE in Werabe town branch was affected by the customer relationship marketing dimensions in terms of coefficient of determination (R^2 value), the regression coefficient (Beta coefficient) and the P-values for the significance of each relationship.

3.14 Ethical Considerations

It is important to consider ethical principles when conducting business research. Ethical issues are categorized into four different types: harm to participants, lack of informed consent, invasion of privacy, and deception (Bryman, 2011). In this study, there are descriptive questions about the respondent's age and gender but this information is not enough to identify the person. The second ethical principle to consider is the lack of informed consent. The third ethical principle concerns the invasion of privacy. In this study, the respondent has the opportunity to skip a question if it is judged sensitive. Furthermore, this study is not of a sensitive nature which enhances the respondents' willingness to answer. The fourth ethical principle refers to deception which occurs if respondents are led to believe that research is about something else than what it is. After considering these ethical principles and fully living up to the requirements, it can be classified as ethical.

CHAPTER THREE

RESEARCH METHODOLOGY

3. INTRODUCTION

This chapter contains research approach, research design, target population, sample size and sampling technique, data source and instrument of data collection, model specification, variable measurement questionnaire, how reliability, and validity test. In the end, the method of data analysis and ethical consideration are presented.

3.1 Research Approach

According to (Creswell, 2011), there are three approaches of research;. The following discussions briefly presents the basic features of these research approaches. Quantitative research is a means for testing objective theories by examining the relationship among variables. On the other hand, qualitative research approach is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem with intent of developing a theory or pattern inductively. Mixed approach uses the combination of both quantitative and qualitative approaches. Since the purpose of this study was to investigate the effect of customer relationship marketing on customer retention, it infers the relationship between the six dimensions of relationship marketing and their influences on customer retention. The research approach adopted for this study was, thus, the quantitative research approach. (Greener et al., (2018) posit that quantitative research is the best approach to use when testing a theory or explanation. Thus, applying quantitative research approach is considered to be appropriate.

3.2 Research Design

Based on purpose, research design is classified into three main categories such as descriptive, exploratory, and explanatory research (Arbale & Mutisya, 2024). The goal of exploratory research is to discover ideas and insights; descriptive research is usually concerned with describing a population concerning important variables. Explanatory research is used to establish cause-and-effect relationships between variables. It is a causal analysis concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional

relationships existing between two or more variables. This study, thus, adopted explanatory research design for the reason that it aimed to examine the effect of customer relationship marketing on the customer retention. It sought to investigate the relationship between the independent variable of customer relationship marketing and customer retention. For the reason that explanatory research design is used to establish cause-and-effect relationships between variables. It is thus a study of functional relationships existing between two or more variables (Gupta et al., 2004).

3.3 Population

According to (Hair, Sarstedt, Ringle, et al., 2012), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. Therefore, for this study, the target population consist customers of Commercial Bank of Ethiopia at Werabe town branches. Also, the four branches namely Duna branch, Werabe main branch, Halal branch and Alkesobranche at Werabe town were targeted for ease of data accessibility and manageability despite other constraints. According to the database of CBE, as of March 2024, there were a total of 62,865 registered customers who have bank accounts at the aforementioned four branches.

3.4 Sampling Technique

There are two known sampling techniques; probability sampling and non-probability sampling. The non-probability sampling is a method in which sampling units are taken purposely by the researcher whereas under probability sampling each sample unit in the target population has an equal chance to be included in the sample (Bell, 2008). The former is subjective and depends on the judgment or the justification of the researcher while the latter is all about random (equal chance) of being selection.

In the course of selecting a sample of 392 respondents out of the targeted study population, the researcher used a non-probability sampling techniques and convenient sampling techniques. First, the four branches at Werabe town were selected by using non-probability sampling technique for manageability and accessibility for data collection. According to Saunders, (2012), a purposive sample is the one whose characteristics are defined for a purpose that is relevant to the study. Second, the individual respondent was chosen through the use of convenience sampling technique which is drawn from a source that is conveniently accessible to the researcher. Thus, willing and

convenient respondents were selectively chosen as they come to consume the banking service. Since the number of bank customer was large enough to conduct census, and hard to get the complete list of customers of the targeted four branches in Werabe town, this makes the probability sampling technique impractical as the entire list of the four targeted branches' customers are required to draw eligible respondents randomly.

3.5 Sample Size

Sample size refers to the total number of units that were chosen for analysis in the research investigation. It is also determined by the type of investigation and the intended application of the results (Kumar, 2011). According to CBE's branches found in Werabe town database (2024), the sampling frame constitutes a total of 62,865 registered customers at four branches at Werabe town. Determining sample size is very important issue because too large samples are uneconomical while too small samples may lead to inaccurate results. When the size of population is known, the sample size is calculated based on Yemane's (1967) formula for proportionality of sample for known population. However, if the total sampling frame counts more than 10,000 elements, to use Cochran sample size determination formula for unknown population is also appropriate (Sim et al., 2018). Despite the exact number of study population was known, Cochran's formula for unknown population was adopted to determine the sample size of the study population. The Cochran formula allows calculating an ideal sample size given a desired level of precision, desired confidence level, and the estimated proportion of the attribute present in the population. Cochran's formula is considered especially appropriate in situations with large populations. The formula is:

$$n = \frac{Z^2 \times p}{(e^2)} = \frac{1.96^2 \times 0.5}{(0.05^2)} = 392$$

Where: $Z^2 = 95\%$ of confidence level and equals 1.96

P = expected prevalence which equals 50%

e^2 = the level of precision or sampling error and equals 5% (0.05)

Therefore, the sample size was a total of 392 customers'.

Table 6.sample proportion per stratum

Stratum	Population	Proportion	Sample Size	Sample Size Proportion	Total
Werabemain branch	30,345	0.482	392	0.482*392	189
Duna branch	12,257	0.194	392	0.194*392	76
Halal branch	9,890	0.157	392	0.157*392	62
Alkeso branch	10,373	0.165	392	0.165 *392	65
Total	62,865	100%			392

Source: Werabe CBE Customer Database, 2024

3.6 Source of Data collection

The source of data for this study was largely dominated by primary data. According to Kothari et al., (2009), the primary data are those which are collected a fresh and for the first time and thus happen to be original in character. Data that have been observed, experienced or recorded close to the event are the nearest one can get to the truth, and are called primary. The data used for the analysis of this research were collected from the primary source - individual customer of CBE at Werabe town.

3.7 Data Collection Method

The survey was conducted in person for the fulfillment of academic requirement. It is a data collection method in which participants are asked to respond to a set of questions. A survey questionnaire was an appropriate tool for a quantitative study when the research goal was to characterize the occurrence of an event or the effects of a given input because it allowed for the collection of a large amount of data (Yin, 2003). As a result, the survey questionnaire is thought to be critical for this study.

Total sample of 392 questionnaires were distributed to customers of four branches of CBE in Werabe town. First, the branch managers were asked for their permission to conduct the survey during the working hours of the bank. Once the permission was granted, and then contacted the HR managers to assign a coordinator to help or guide the researcher on how and when to contact the customers so as to not disturb the operation of the bank. Then, the targeted respondents were briefed the purpose of the study clearly by the researcher, and then asked for their consent to fill the survey.

After having their full consent, then the researcher distributed the questionnaire for volunteer respondents as convenient and they filled and returned the questionnaire back to the researcher accordingly. The questionnaire was translated from English to Amharic because most of the respondents had the language barrier.

3.8 Data Collection and Research Instrument

There are different primary data collection instruments. Among them, self-administered questionnaire was used to collect the primary data in order to obtain opportunity to probe or ask questions, control the respondent response through designing the questions well properly, increase the reliability and credibility of the research data, and makes a judgment of what most people think through asking the sample respondent. This questionnaire was adopted from the questionnaire developed by Peterson (2016). Preliminary draft of the questionnaire was pre-tested to improve upon the clarity of the question items and pretested for reliability of the adopted measuring scale with 5-point Likert scale. The reliability test of Pimm et al., (2017) data collection instrument was found reliable the fact that the results scored above the threshold (Cronbach's Alpha > .70) as illustrated in Table 2 below.

3.9 Reliability Test

To evaluate the research instruments, reliability is one of the major criteria. Reliability estimates the consistency of the measurement or simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is, if something is measured many times and the result is always the same, then we can say that the measurement instrument is reliable (John, 2007).

Application of internal reliability refers to the multiple-indicator variables. If a variable is internally reliable, it is coherent. I.e., all the constituent indicators are measuring the same thing (Bell et al., 2022). Cronbach's Alpha is a commonly used test of internal consistency. It essentially calculates the average of all the possible split-half reliability coefficients. Alpha coefficient ranges in value from 0 (denoting no internal reliability) to 1 (perfect internal reliability). Higher results (>.07) are typically employed as a rule of thumb to denote an acceptable level of internal consistency.

In this study, Cronbach's alpha test is used to test the internal reliability of the study variables in part II of the questionnaire with multi point formatted questionnaires or scales (that is, rating scale: 1= strongly disagreed, 2 = disagreed, 3 = neutral, 4 = agree and 5 = strongly agreed).

Table 7. Reliability Test Results

Measurements	Number of items	Cronbach's alpha
Trust	6	.768
Empathy	3	.735
Commitment	3	.726
Conflict handling	5	.709
Communication	4	.762
Responsiveness	5	.716
Customer retention	5	.792

Source: Own Survey, 2024

In this study as shown on Table 2. The relationship marketing that affect the customer retention was measured separately and their reliability test (Cronbach's alpha) values were determined. Regarding relationship marketing, specific Cronbach's alpha equals to Trust = .768, Empathy = .735, Commitment = .726, Conflict handling = .709, Communication = .762 and Responsiveness = .716. Similarly, customer retention Cronbach's alpha was found to be .792. This indicates the stability and suitability of the results for this study, i.e., all questions were in an acceptable level of internal reliability.

3.10 Validity Result

Validity refers to the extent to which data collection method or methods accurately measure what they are intended to measure (Orue et al., 2019). Different steps were taken to ensure the validity of the study. Data were collected from the reliable sources, from respondent who have experiences in banking services. Survey questions were made based on literature review and frame of reference to ensure result validity. In selecting a relevant measure for an outcome variable, it is critical that logical inferences can be made from the operation upon which the measure is based to the theoretical constructs relevant to the study.

The aforementioned validity tests were also checked to ensure the quality of the research design. The researcher had established the questionnaire in its final version, after highlighting some previous studies related the subject of this study. Then it was subjected to be reviewed by some specialist in scientific research. Their comments and recommendations were taken into consideration to modify the questionnaire to have its final shape.

3.11 Model Specification

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the value of dependent variable, given the value of the independent (Kothari, 2004). The basic aim was to see the extent to which the customer relationship marketing practice affects the overall customer retention in terms of coefficient of determination (r^2 value), the regression coefficient (beta coefficient) and the p-values (ANOVA Test) for the significance of each relationship.

Before conducting the multiple regression analysis, regression assumption tests (multi-Collinearity, homoscedasticity and normality) were carried out; and correlation test was also conducted to quantitatively describe the strength of the association between the variables. According to hair (2016) the Pearson correlation coefficient measures the degree of linear association between two categorical variables. It varies between -1.00 to +1.00, with 0 representing absolutely no associate on b/n the two variables. Empirical model applied in this study was, thus, formulated a multi-regression analysis model for investigating individual effect of each independent variable. To do so, the relationship between the variables is formulated as:

The effect of customer relationship marketing on customer retention

Where: Y = Overall Customer retention; x_1 = Trust; x_2 = Empathy; x_3 = Commitment; x_4 = Conflict handling; x_5 = Communication; x_6 = Responsiveness e = error term; β_0 = constant, term; $\beta_1, 2, 3, 4, 5, 6$ = coefficient terms of the corresponding listed variables.

3.12 Variable Measurement

The variables are attitudinal and were measured using a Likert scale with five response categories (strongly disagree, disagree, neutral, agree, and strongly agree). “The Likert scale method was preferred to make questions interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate” (Robson, 2002). Regarding the questionnaire, it was adopted from Peterson’s (2016). It had two parts. The first part comprised general information of the respondents, while the second part refers to the study variables (both independent and dependent). The independent variable considered in this study, were customer relationship marketing, whereas the dependent variable was the customer satisfaction.

Independent variables included Trust (6), Empathy (3), Commitment (4), Conflict handling (5), Communication (4), and Responsiveness (5). The respondents were asked to describe on a scale with 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

Dependent variable customer retention (7). While customer Retention was also rated as 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

3.13 Plan of Data Analysis

Both descriptive and inferential statistics were used to analyze the quantitative data gained through structured questionnaire. All the variables were coded and entered into the SPSS 21.0 to analyze data obtained through questionnaires.

Descriptive statistics was used to describe the usefulness of the data set while the inferential analysis for examining the relationships between the variables. In order to describe the data, preliminary descriptive statistics such as frequency, percentages, and mean scores were computed.

Inferential Statistics - Multiple regression analysis was performed using the customer relationship marketing dimensions as independent variable and the customer retention as dependent variable. The basic aim was to see the extent to which the customer retention of CBE in Werabe town branch was affected by the customer relationship marketing dimensions in terms of coefficient of determination (R^2 value), the regression coefficient (Beta coefficient) and the P-values for the significance of each relationship.

3.14 Ethical Considerations

It is important to consider ethical principles when conducting business research. Ethical issues are categorized into four different types: harm to participants, lack of informed consent, invasion of privacy, and deception (Bryman, 2011). In this study, there are descriptive questions about the respondent's age and gender but this information is not enough to identify the person. The second ethical principle to consider is the lack of informed consent. The third ethical principle concerns the invasion of privacy. In this study, the respondent has the opportunity to skip a question if it is judged sensitive. Furthermore, this study is not of a sensitive nature which enhances the respondents' willingness to answer. The fourth ethical principle refers to deception which occurs

if respondents are led to believe that research is about something else than what it is. After considering these ethical principles and fully living up to the requirements, it can be classified as ethical.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

The analyses comprised of both descriptive and inferential statistics in which the former describes the demographic profile of respondents, and responses under each attribute; whereas the latter includes correlation test, assumption test, and multiple regression analyses. The data collected through self-administered questionnaire featured personal information of the respondents, six dimensions of customer relationship marketing and customer retention in the case of CBE in Werabe town.

Results

The data were collected through self-administered questionnaire, featured personal information of the respondents, six dimensions of customer relationship marketing and customer retention attributes.

Response rate

After distributing 392 questionnaires to the targeted employees, 343 questionnaires were collected. The response rate accounted for 87.5% of the total distributed questionnaires. However, after having screened the collected questionnaires for missing data and other discrepancy, a total of 315 valid and usable questionnaires were collected for the analysis. Missing data frequently occurs in a situation in which a respondent cannot respond to one or more questions of a survey and mean substitution is a widely used method for replacing missing data, whereby missing values for a variable are replaced with the mean value based on all valid responses (Matthews et al., 2018). In this case, above 1% missing value on a single item, was considered as incomplete and the response was rejected from further analysis.

Table 8. Response Rate of respondent

Number of Replies	343
Not Returned and/or Declined to Participate	49
Total Number of Forms Distributed	392
Overall response rate	87.5%
Effective response rate	315(80.35%)

Source: Own Survey, 2024

Then, collected responses were encoded in to SPSS 21.0 and went through coding as well as error correction to make them suitable for proposed technique of data analysis. Once the preparation was completed, carried out the required analysis and the results are presented as below.

4.1 Demographic Characteristics of the Respondents

The first part of the questionnaire consists of the demographic characteristics of respondents. This part of the questionnaire requested a limited amount of information related to personal and demographic status of the respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables include; sex, age, education, marital status, income, customer tenure, services and tangible service provided by the bank.

Referring Table -3, male respondents constituted slightly higher percentage 151(47.9%) than their female counterparts 164(52.1%). The numbers of male customers were slightly higher than their female counterparts. With the scope and sample size of this study, it would be premature to make conclusive statements about what this gender disparity means, other than the sampling diversity. Possibly future endeavors with a gender-specific focus could investigate this venue from a gender-related perspective.

In terms of age, 117(37.1%) was found to be within the age range of 28-38 years followed by 90(28.6%) within 39-48 years. Whereas those respondents whose age fallen within 49-58 years and above belonged to 50(15.9%) and 25(7.9%) respectively. Whereas, 33(10.5%) of the respondents represented those participants aged below 28 years old. This implies that the company had about 85% of adult customers less than 40 years old. This can be taken as a positive

indication that CBE subscribers were interested people from all age groups, from adolescents to the elderly.

Regarding the educational background of the respondents, 107(34.0%) had first degree holders, followed by 56(17.8%) were master’s degree and above holders. While, 38(12.1%) and 73(23.2%) were from elementary and high school respectively. The rest 25(7.9%) were illiterate and 16(5.1%) were other qualifications holders. This indicates that the majority of the respondents were well educated and very capable to understand the contents of the questionnaire which helps to get reliable or credible data.

Table 9. Demographic Characteristics of Respondents

Category	Frequency	Present
Sex		
Female	151	47.9
Male	164	52.1
Total	315	100.0%
Age		
Less than 28 years	33	10.5
28 – 38 years	117	37.1
39 – 48 years	90	28.6
49 – 58 years	50	15.9
Above 58 years	25	7.9
Total	315	100.0%
Education		
Illiterate	25	7.9
Elementary School	38	12.1
High school	73	23.2
First Degree	107	34.0
Masters andabove	56	17.8
Others	16	5.1

Total	315	100.0%
Marital Status		
Unmarried	94	29.8
Married	144	45.7
Divorced	77	24.4
Total	315	100.0%
Income		
Less than 10,000 Birr	24	7.6
10,000 – 20,000 Birr	137	43.5
20,001 – 30,000 Birr	84	26.7
30,001 – 40,000 Birr	52	16.5
Above 40,000 Birr	18	5.7
Total	315	100.0%
Customer Tenure		
1 – 5 years	65	20.6
6 - 10 Years	141	44.8
Above 10 Years	109	34.6
Total	315	100.0%

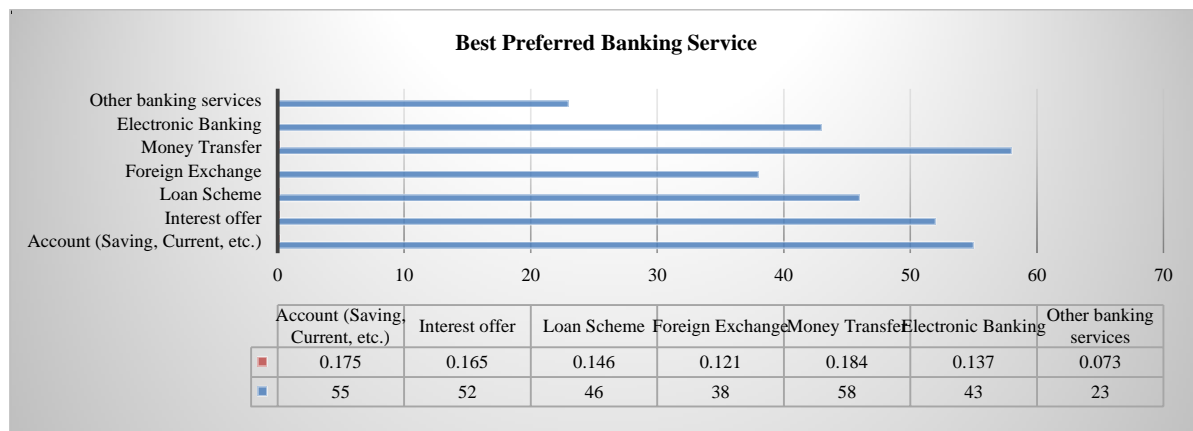
Source: Own Survey, 2024

The marital status of the respondents also showed that 144(45.7%), 94(29.8%) and 77(24.4%) were married, unmarried and divorced respondents respectively. The marital status of the respondents indicates that CBE subscribers were from different social status that can be taken as a positive indication for marketers to consider the diversification of customers that need to be targeted according to their specific demands. The bank could take it as a good opportunity for the company to target heterogeneous consumers.

The respondent's monthly income status, the results revealed that 137(43.5%) earned in the range of Birr 10,000 – 20,000, while 84(26.7%), 52(16.5%), 24(7.6%) and 18(5.7%) represented those who got from Birr 21,001 - 30,000, Birr 30,001 – 40,000, less than Birr 10,000 or more than Birr

40,000 respectively. This implies the majority of the respondents were in good financial status that can also be taken as diversified or heterogeneous customers with different financial capability that demands different services of the bank.

Regarding customers' subscription tenure in CBE, the results reveal that the respondents who have been subscribed for 6 – 10 years took relatively the highest share 141(44.8%), followed by 109(34.6%), and 65(20.6%) with the tenure ranging from 1 – 5 years, or above 15 years respectively. Almost one-fourth of the respondents have relatively long subscription years, implying that they would have more information/experience regarding the service provided by the bank.



(Own SPSS21 Output, 2024)

Figure 1. Service offered by CBE

Referring the service offered by CBE bank in Figure 2, 58(18.4%), 55(17.5%), 52(17.5%), 46(14.6%), 43(13.7%), 38(12.1%) and 23(7.3%) of the respondents voted for money transfer, saving/other accounts, interest offer, loan scheme, electronic banking, foreign exchange, and other banking services as most preferred services respectively. This also implies the bank provided different services which were preferred by different customers that could be seen as the market accommodated diversified banking services.

4.2 Descriptive Statistics of Study Variables

The description of the study variables is presented with mean and standard deviation to compare the respondents' perception of the variables. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements. The scale is set in such a way that respondents strongly disagreed if the mean scored value is in the range of 1.00 – 1.80; disagreed

within 1.81 – 2.60; neither agreed nor disagreed (neutral) within 2.61 - 3.40; agreed if it is in the range of 3.41 – 4.20; while strongly agreed when it falls within 4.21 – 5.00. In addition, standard deviation shows the variability of an observed response.

Trust

Table 10.Descriptive Statistics of Trust Construct N=315

	Mean	Std.
The Bank is consistent in providing quality service	4.38	1.272
I feel safe in my dealings with the bank	3.64	1.036
The Bank fulfill its obligation for their customers	2.66	1.007
finical status of the bank is reliable	4.13	1.455
Given your experience, the bank can be trusted Completely	3.29	1.291
The Bank provides better quality service compared to competitors	4.10	1.544
Trust	3.64	.859

Source: Own Survey, 2024

Referring Table 5, the respondents strongly agreed with the bank’s consistent in providing quality service (M = 4.38, Std. = 1.272). Similarly, they also agreed that the financial status of the bank is reliable (M = 4.13, Std. = 1.455) and The Bank provides better quality service compared to competitors (M = 4.10, Std. = 1.544). But I feel safe in my dealings with the bank (M = 3.64, Std. = 1.036). The variation in their perception is evidenced as the standard deviation was found below the threshold (Std. = 1.000). On the other hand, they had neutral (neither agreed nor disagreed) stand on the given your experience, the bank can be trusted completely (M = 3.29, Std. = 1.291); whereas the Bank fulfill its obligation for their customers’ (M = 2.60, Std. = 1.007).the mean value (M = 2.60, Std. = 1.007) implies that the bank not fulfill its obligation for its customers. Overall, the majority of the respondents perceived CBE’s service offer slightly positive (M = 3.64, Std. = .859) which implies that services providing long with its Trust and Safety are the area that requires the attention of the bank marketers.

Empathy

Table 11. Descriptive Statistics of Empathy Construct N=315

	Mean	Std.
The Bank employees try to understand my feelings	4.23	1.355
The bank give attention to its customers	4.21	1.050
The bank employees have interest to solve problem of customers	3.51	1.453
Empathy	3.65	.901

Source: Own Survey, 2024

The results in Table 6 also shows that the respondents strongly agreed with the bank's employee understanding (M = 4.23, Std. = 1.355) and banking attention to its customer (M = 4.21, Std. = 1.050) fair compared to competitors. This implies that these two attributes are the areas with which the respondents were most satisfied. On the other hand, they slightly agreed with the bank employees have interest to solve problem of customers (M = 3.51, Std. = 1.453). Overall, the Empathy of bank was perceived slightly positive as the grand mean scored 3.65 with Std. .901. W/c means the majority of the respondents believed that bank's had understanding of customers feeling and deep employees' interest but they had doubts compared to competitors. The bank's customer relationship strategy is also the area that requires manager's attention for further improvement.

Commitment

Table 12. Descriptive Statistics of Commitment Construct N=315

	Mean	Std.
The Bank is flexible to meet changing customers need	3.77	1.625
I am very committed to continue my relationship with this bank	3.93	1.540
My relationship with the bank is very important for me	4.32	1.219
The bank always applies the right policy and practices.	2.79	1.000
Commitment	3.702	1.069

Source: Own Survey, 2024

Regarding the CBE's Commitment in Table 7 illustrates that majority of the respondents strongly agreed with the relationship with the bank is very important for me. (M = 4.32). They also agreed that I am very committed to continue my relationship with this bank (M = 3.93) and The Bank is flexible to meet changing customers need (M = 3.77), But they disagreed with the bank always applies the right policy and practices. (M = 2.79). In this regard, they had varied stands regarding

the application of right policy and practices the bank as the standard deviation was found below the threshold (Std. = 1.000). Despite the overall commitment activities of the company were perceived positively (M = 3.702, Std. 1.069), the results imply company's commitment activity is also one of the areas which requires management attention in order to improve overall banking service.

Conflict handling

Table 13. Descriptive Statistics of Conflict handling Construct N=315

	Mean	Std.
The Bank try to avoid potential conflict on time	4.32	1.219
The bank has ability to discuss openly for solutions when problems arise	3.97	1.140
The Bank shows sincere interest in solving customers problem	3.75	1.065
The bank clearly negotiate to you about where and when problem is happen and try to solve it	3.71	1.029
The bank give to your prompt response for your complain	4.17	1.126
Conflict handling	3.94	1.205

Source: Own Survey, 2024

Referring the Table 8, the results revealed that majority of the respondents strongly believed that The Bank try to avoid potential conflict on time as the mean value scored 4.32 with std. 1.219. They also agreed that the bank had ability to discuss openly for solutions when problems arise and the bank give to your prompt response for your complain (M = 3.97, Std. 1.140), (M = 4.17, Std. 1.126) respectively. Again respondents are agreed that The Bank shows sincere interest in solving customers problem (M = 3.75, = Std. 1.065), The perception of the majority of the respondents had positive attitude toward the bank clearly negotiate to you about where and when problem is happen and try to solve it(M = 3.71) even though they had varied stands in this regard (Std. 1.029). In this regard, provision of service through Conflict handling is one of the areas that the respondents were satisfied with, while having prompt response for customers complain compared to other competitor banks.

Communication

Table 14. Descriptive Statistics of Communication

	Mean	Std.
Customers can get any kind of information from bank any time	3.47	1.290
The Bank provide information if there are new baking service	4.14	1.492
The Bank's staff always provides prompt information to customers'	3.60	1.422
The bank employees try to understand customer needs	3.16	1.029
Information provided by bank is always accurate	4.46	1.525
Communication	3.76	1.281

Source: Own Survey, 2024

In Table 9, the results showed that the respondents strongly agreed with the Information provided by bank is always accurate (M = 4.46, Std. 1.525). It is the highest mean among 'people' attributes. Whereas, they had agreed stand regarding The Bank provide information if there are new baking service (M = 4.14, std. = 1.492), and The Bank's staff always provides prompt information to customers' (M = 3.64, Std. = 1.422). Also Customers can get any kind of information from bank any time (M = 3.47, Std. = 1.290). However, they neither agree nor disagreed with the bank employees try to understand customer needs with (M = 3.16 Std. = 1.029), this attribute are the area that the respondents most dissatisfied with and need managerial attention. Despite the overall communicational activities of the company were perceived positively (M = 3.76, Std. 1.281), the majority of the respondents are satisfied with communication strategy of the banking overall staff competency in providing quality banking communication services. This also implies that the bank qualified customers' communication strategy is on the good path and need further improvement.

Responsiveness

Table 15. Descriptive Statistics of Responsiveness Construct N=315

	Mean	Std.
The bank provide prompt service to its customers	4.11	1.533
The bank has willingness to help their customers	4.13	1.539
Employees of bank devote time to replay any of customers questions	3.59	1.590
The bank arranges special cares for special customers	3.66	1.216

The behavior of employees inspired confidence in customers	3.55	1.352
Responsiveness	3.81	1.085

Source: Own Survey, 2024

Table 10 also illustrates that the majority of the respondents believed that the bank had willingness to help their customers (M = 4.13). It scored relatively the highest mean amongst the attributes of ‘processes. They also agreed with the bank provide prompt service to its customers (M = 4.11), but slightly agreed with the bank Employees of bank devote time to replay any of customers questions (M = 3.59), the bank arranges special cares for special customers (M = 3.66) and the behavior of employees inspired confidence in customers (M = 3.55). Overall, the respondents perceived the process of the bank positively as the grand mean scored 3.81. This implies that the management of CBE exerted effort on improving the service delivering process even though they had varied stands on the issue. It can be taken as the good opportunity to revise its processes and working procedures for better improvement.

Customer Retention

Table 11. Descriptive Statistics of Customer Retention Construct N=315

	Mean	Std.
The service offered by the bank is cause for my retention	3.78	1.382
I feel the staff of the Bank believe in the betterment of their customers	3.22	1.160
I want to remain a user of this Bank as I genuinely enjoy my relationship with it	3.29	1.024
The Bank’s staff are always willing to help me when needed	4.02	.691
The banking service consistently meets my expectations.	4.13	1.455
The Bank takes a short time to resolve your problems.	3.39	1.209
The branch has a sufficient number of employees.	4.24	1.015
Customer retention	3.73	.755

Source: Own Survey, 2024

Results of the findings, Table 11 show that the respondents were retained because the service offered by bank (M = 3.78), the bank’s staff are often willing to help customers when needed (M = 4.02), the banking service consistently met customer’s expectations (M = 4.13).and the branch had a sufficient number of employees (M = 4.24). However, the respondents had neutral stand (neither satisfied nor dissatisfied) regarding the staff of the bank believed in the betterment of their customers (M = 3.22), wanted to remain a user of CBE as they genuinely enjoyed their

relationship with the bank ($M = 3.29$), and the bank took a short time to resolve customers' problems ($M = 3.39$). In general, the respondents were satisfied with the bank's service as the grand mean value scored 3.73 with std. .755. This implies that the service of the bank exceeded the customer's expectation but still it has a room for further improvement.

4.3 Inferential Analysis

Inferential statistics uses sample measurements of the subject and make generalization about the larger population. It comprises different test such as correlation test among variables and assumption of data test for their suitability or fitness to the intended regression analysis model namely normality, collinearity, linearity and homoscedasticity. Finally, the multiple regression analysis in terms of model summary, ANOVA test and determination of beta coefficients are conducted to address the objectives of this study.

Correlation Analysis

Correlations are perhaps the most basic and most useful measure of association between two or more variables (Rinn et al., 2009). This study employs correlation analysis, which investigates the strength of the relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Compared to Spearman correlation, Pearson correlation evaluates the linear relationship between two continuous variables. Whereas, Spearman correlation evaluates the monotonic relationship which its coefficient is based on the ranked values for each variable rather than the raw data (Hair, Sarstedt, Pieper, et al., 2012). Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship ($-1.0 + 1.0$). To interpret the direction and strengths of relationships between variables, the guidelines suggested by Field (2005) were followed. His classification of the correlation coefficient (r) refers 0.1– 0.29 is weak; 0.3 – 0.49 is moderate; and ≥ 0.5 is strong. Based on this scale, the responses of the respondents are summarized as below.

Table 12. Pearson Correlation Matrix

	TRU	EMP	CMI	COH	CMU	RSP	CSR
Trust – TRU	1						
Empathy – EMP	.468**	1					
Commitment – CMI	.375**	.396**	1				
Conflict handling – CH	.342**	.393**	.348**	1			
Communication – CMU	.555**	.543**	.364**	.402**	1		
Responsiveness – RSP	.455**	.527**	.498**	.476**	.556**	1	
Customer Retention –CRT	.753**	.511**	.614**	.451*	.668**	.538**	
**. Correlation is significant at the 0.01 level (2-tailed).							

Source, Own Survey, 2024

Table 12 indicate that customer retention had positive and strong with Trust ($r = .753, p < 0.01$), Communication ($r = .668, p < 0.01$), Commitment ($r = .614, p < 0.01$), Responsiveness' ($r = .538, p < 0.01$), and Empathy (.511) Whereas, Conflict handling ($r = .451, p < 0.01$) had positive and moderate relationship with customer retention. The result of the relational values implies that these dimensions of service marketing's are good predictors of customer retention of CBE bank in Werabe Town.

4.4 Multiple Regression Assumption Tests

Linear regression (Ordinary Least Square) is an analysis that assesses whether one or more predictive variables explain the dependent (criterion) variable. The assumption test is the underlying assumption that the accuracy of a specified model predicts the outcome variable with minimum possible error induced. For a given multiple regression model, to take it as a credible model, it shouldn't violate the following assumptions. These assumptions are Multicollinearity (highly relatedness of predictor variables), Normality (symmetric distribution of data based on given mean and variation), and Homoscedasticity (uniform/ random distribution of error terms).

Multicollinearity - Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are Multicollinearity, there is “overlap” or sharing of predictive power.

Table 13. Collinearity Diagnostics

Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	Trust	.384	2.598
	Empathy	.595	1.679
	Commitment	.704	1.420
	Conflict Handling	.723	1.384
	Communication	.415	2.405
	Responsiveness	.623	1.605

a. Dependent Variable: Customer retention Source SPSS21, 2024

Thus, the impact of Multicollinearity is to reduce any individual independent variable’s predictive power by the extent to which it is associated with the other independent variables. “Tolerance” and “variance inflation factors” (VIF) values for each predictor is a means of checking for Multicollinearity. Tolerance value below 0.1 and VIF value above 10% indicate a Multicollinearity problem, (King & Roberts, 2015). Since all values of VIF are within the specified range, it can be concluded that there is no problem of multicollinearity issue in the present study.

Homoscedasticity – Testing for Homoscedasticity lies with an assumption in regression analysis that the residuals at each level of the predictor variable(s) have similar variances. Using the plots of ZRESID against ZPRED, the distribution is checked whether the graph looks like a random array of dots evenly dispersed around zero. This is to mean that at each point along with any predictor variable, the spread of residuals should be fairly constant. Figure -4, shows each of the predictor variables against the standard residual values. The plot depicts how the points are randomly and evenly dispersed throughout the plot. And, these patterns are indicatives of a situation in which the assumption of homoscedasticity has been met.

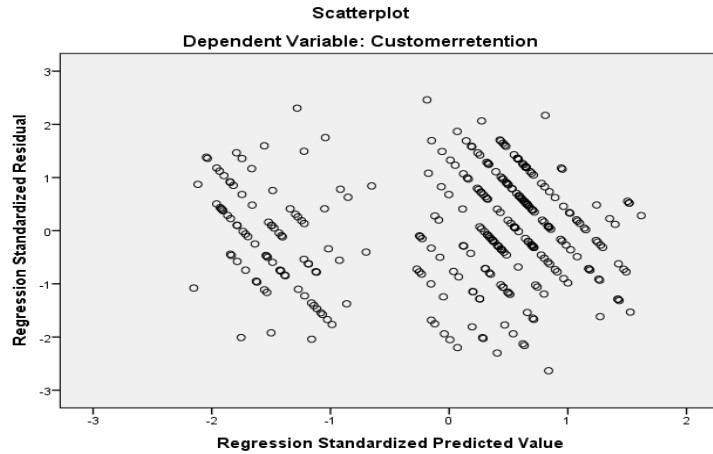
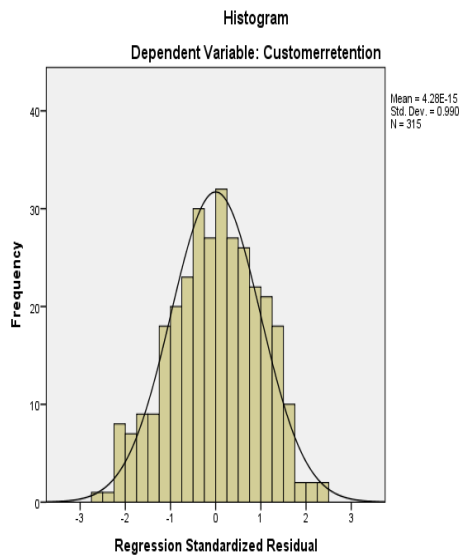


Figure 3.Homoscedasticity Test

Multivariate Normality To check that distribution of scores is normal, it needs to look at the values of Kurtosis and Skewness. The values of skewness and kurtosis should be zero in a normal distribution. Positive values of skewness indicate a pile-up of scores on the left of the distribution, whereas a negative value indicates a flat distribution. The further the value is from zero, the more likely it is that the data are not normally distributed. Both of which have an associated standard error. However, the actual value of skewness and kurtosis are not, by themselves, informative. Instead, it needs to take the value and convert it to a z-score. The z-score is simply a standardized score from a distribution that has a Mean of 0.0 and a standard dev. Of 1.0.

Table 14. Normality Test

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Trust	315	-.461	.137	-.327	.274
Empathy	315	-.150	.137	-.771	.274
Commitment	315	-.386	.137	-.190	.274
Conflict handling	315	-.118	.137	-.176	.274
Communication	315	-.618	.137	-.733	.274
Responsiveness	315	-.417	.137	-.657	.274
Customer retention	315	-.592	.137	-.976	.274



Source, Own Survey, 2024

Figure 4 Normality Test

As shown in Table 14, except people, all the other six customer relationship marketing dimensions' z-scores skewed to the right side and was found to be within an acceptable range (skewness within -2.0 to 2.0; and Kurtosis within -2.0 to 2.0). Therefore, it is pretty clear then that the numeracy scores are negatively skewed, indicating a pile-up of scores on the right of the distribution.

Figure 3 Normality

Test With an eyeball test of the Q-Q-Plot of Z*PRED and Z*PRESID, the plot indicates that in the below multiple linear regression analysis there is no tendency in the error terms that the data was normally distributed.

Linearity - The linearity assumption can easily be checked using scatterplots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from figure 5.

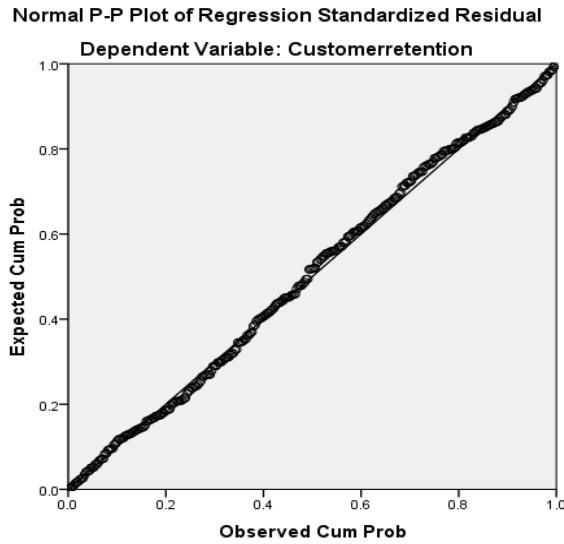


Figure 5. Linearity Test

Regression Analysis

Multiple regression analysis in this research was used to model the value of the construct variable (customer satisfaction) based on its linear relationship to two or more predictors (trust, empathy, commitment, conflict handling, communication, and responsiveness). In order to indicate the impact that each predictor has on the construct variable, the unstandardized coefficients are checked.

Table 15. Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.836	.698	.691	.41951	1.761

Source ;own survey,2024

a. Predictors: (Constant), Responsiveness, Trust, Conflict handling, Commitment, Empathy, Communication

b. Dependent Variable: Customer retention

Table 16 above shows the multiple linear regression model summary and overall fit statistics. The adjusted R^2 of the model is .691 with the $R^2 = .698$. This means that the linear regression model with the independent variables explains 69.8% of the variance of the dependent

variable. However, the remaining percent (30.2%) was may explained by other variables which weren't included in this study.

Table 16. ANOVA Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	125.094	7	17.871	101.543	.000
	Residual	54.029	307	.176		
	Total	179.123	314			

a. Dependent Variable: CSTR=Customer retention, own survey, 2024

b. Predictors: (Constant), TRU=Trust, EMP=Empathy, CMI=Commitment, COH=Conflict handling, CMU=Communication, RSP=Responsiveness

As indicated in Table -16 of ANOVA test, F value of 101.543 is significant at $p < 0.001$.

Therefore, it can be inferred that with 69.8% (R^2) of variance, Customer relationship marketing is significant and the model appropriately measured the dependent variables – customer relationship marketing. In short, the regression model predicts customer retention has been significantly explained by the six independent elements (Trust, Empathy, Commitment, Conflict Handling, Communication, and Responsiveness).

Table 17. Estimated Regression Coefficients

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.622	.204		.4935	.000
	Trust	.441	.052	.414	5.824	.000
	Empathy	.156	.039	.142	3.983	.000
	Commitment	.205	.042	.251	6.550	.000
	Conflict Handling	.032	.045	.023	.720	.042
	Communication	.228	.048	.115	3.017	.000
	Responsiveness	.128	.043	.204	5.313	.000

“Source on SPSS2024”

a. Dependent Variable: Customer retention.

The table shows the constant, beta, and significance level of each variable. It indicates that the six variables which are Trust, Empathy, Commitment, Conflict handling, Communication, and Responsiveness influence customer retention significantly at 95% confidence interval with a $p < .05$ sig. level. Based on the results of Table –17, substituting the results in the model yields:

$$CSRT = .622 + .441TRU + .156EMP + .205CMI + .032COH + .228CMU + .128RSP$$

Where: CSRT = Customer retention; TRU = Trust, EMP= Empathy, CMI= Commitment, COH = Conflict Handling, CMU=Communication, and RSP= Responsiveness

The regression analysis shows that all customer relationship marketing dimensions have positive and significant effect on customer retention. Based on these findings, the interpretations are presented as follows:

The constant term (**.622**) illustrates that the nil effect of trust, empathy, commitment, conflict handling, communication, and responsiveness dimensions. That means, in a situation where all independent variables are zero, customer retention as dependent variable is predicted to be **.622**.

In situation where other variables are constant, if Trust improves by one unit customer retention is predicted to be increased by 0.441 units. This shows that trust has a positive and significant effect on customer retention at $p < .05$. Thus, hypothesis-1 is supported incorporate hypothesis.

Keeping other variables constant, if empathy improves by one unit, customer retention is predicted to be increased by 0.156 units. This indicated that empathy has a positive and significant effect on customer retention at $p < .05$. Thus, hypothesis-2 is supported incorporate hypothesis.

In condition where other variables are constant, if commitment increases by one unit, customer retention is predicted to be increased by 0.218 units. This shows that commitment has a positive and significant effect on customer retention at $p < .05$. Thus, hypothesis-3 is supported incorporate hypothesis.

Keeping other variables constant, if conflict handling/resolution increases by one unit, customer retention is predicted to be increased by 0.032 units. This shows that conflict handling has a positive and significant effect on customer retention at $p < .05$. Thus, hypothesis-4 is not supported incorporate hypothesis.

Keeping other variables constant, if communication increases by one unit, customer retention is predicted to be increased by 0.228 units. This shows that communication has a positive and significant effect on customer retention at $p < .05$. Thus, hypothesis-5 is supported incorporate hypothesis.

In condition where other variables are constant, if banking responsiveness increases by one unit, customer retention is predicted to be increased by 0.128 units. This shows that Responsiveness has a positive and significant effect on customer retention at $p < .05$. Thus, hypothesis-6 is supported incorporate hypothesis.

4.5. Discussion

Most research findings, as indicated in the review of related literature section; chapter 2; this research also confirms the association between customer relationship marketing and customer retention. Hence, research finding is consistent with those studies. Thus, the effect of the independent variables on customer retention in this research is modeled as:

$$\text{CR} = .337 + .441 (\text{TRU}) + .228 (\text{CMU}) + .205 (\text{CMI}) + .128(\text{RSP}) + .156 (\text{EMP}) + .032(\text{COH})$$

In this particular research customer retention has been greatly depend on Trust with the highest value of .441, followed by Communication .228. The contribution of Commitment (.205), Responsiveness (.128), Empathy (156), and Conflict handling (.032) though there effect oncustomer retention are significant but very minimal as compared to the other two independent variables.

Hence, the hypothesis of TRUST has a significant and positive effect on Customer retention was accepted. As indicted in the above table trust has a positive and significant effect on customer retention with $\beta = 0.441$, at 95% confidence level ($p < 0.05$). Trust has a significant positive effect on customer retention is supported. This finding is in line with the finding of Oly Ndubisi et al., (2007)which found that trust has a significant impact on customer retention.Communication is the next most significant factor withsignificant and positive effect on Customer retention was accepted. As indicted in the above table trust has a positive and significant effect on customer retention with $\beta = 0.228$, at 95% confidence level ($p < 0.05$). This research finding was consistent with the most known scholars in the area of customer relationship marketing (Affran et al., 2019) indicated that communication and trust are 'key' elements because they encourage marketers to

work at preserving relationship investments by cooperating with exchange partners, resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and view potentially high risk actions as being prudent because of the belief that their partners will not act opportunistically.

The hypothesis of Commitment has a significant and positive effect on Customer retention was accepted. As indicted in the above table commitment has a positive and significant effect on customer retention with $\beta = 0.205$, at 95% confidence level ($p < 0.05$). this shows that commitment is a major determinant of customers' retention, and customers will critically evaluate the commitment of the banking service. This particular result is supported by the study of (Fullerton, 2005). According to this researcher, commitment has a strong positive effect on the softer aspects of customer loyalty such as advocacy and willingness to pay more for the products.

The hypothesis of Responsiveness has a significant and positive effect on Customer retention was accepted. As indicted in the above table responsiveness has a positive and significant effect on customer retention with $\beta = 0.128$, at 95% confidence level ($p < 0.05$). This positive impact result suggests that the bank adopted responsiveness practices showing sincerity and willingness to help customers and employees give genuine and detailed information regarding to any transaction of the bank. this finding is in line with finding of a firm to be responsive, it must gain deeper understanding and profiling of customer behavior and real-time customer information (Kuranchie, 2010). This result is consistent with prior studies conducted on the practice of relationship marketing and customer retention in the banking industry by (Sukaatmadja et al., 2017), which revealed that reciprocity is an important determinant for customer retention.

The other factor that is included in the dimensions of relationship marketing is empathy. It was found to have positive and moderate relationship with customers' retention. The hypothesis of Empathy has a significant and positive effect on Customer retention was accepted. As indicted in the above table trust has a positive and significant effect on customer retention with $\beta = 0.156$, at 95% confidence level ($p < 0.05$). Empathy is one of the important tools to create long term relationship with customers. The finding of Thusyanthy & Senthilnathan, (2011) showed that it is difficult to imagine an organization would deliver caring, individualized attention to customers independent of its employees. As it is mentioned by (Bahadur et al., 2018) empathy is one of the important elements to measure the service quality in service industries area. So, the result of this

research on empathy of CRM supports the above findings that empathy has power to make customers being loyal and retained.

The last but not the least factor included in the relationship marketing underpinnings was conflict handling. The hypothesis of Conflict handling has a significant and positive effect on Customer retention was accepted. As indicted in the above table trust has a positive and significant effect on customer retention with $\beta = 0.032$, at 95% confidence level ($p < 0.05$)

Appropriate and acceptable conflict handling procedure would create strong relationship with customers. The above result is supported by (Tax et al., 1998). The results from this study indicate that investments in complaint handling can strengthen customer relationships, and build customer commitment. The result of Ndubisi, (2011) indicated that customers tend to be loyal to industries that handle customer complaints which will always happen and other conflicts satisfactorily. (Oly Ndubisi & Kok Wah, 2005b) found a significant relationship between conflict handling and customer retention.

Generally, data analysis of this study shows that there is positive relationship among the independent variables: Trust, Empathy, Commitment, Conflict handling, Communication, and Responsiveness with customer retention.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter of the study, summary of the major findings, conclusion and recommendations of the study are presented.

5.1 Summary of Major Findings

The primary objective of this study was to investigate the effect of customer relationship marketing on customer retention in the case of CBE in Werabe Town.

To address the intended research objectives, six factors were considered namely, Trust, Empathy, Commitment, Conflict handling, Communication, and Responsiveness to investigate their significant effect on customer retention. In this research the effect of customer relationship marketing on customer retention used by CBE was thoroughly analyzed. The relationship strength and dimensions between the factors of customer retention were identified. These factors, which are considered as a major component of customer relationship marketing in most literatures, were: Trust, Empathy Commitment, Conflict handling Communication and Responsiveness.

The Sample size of 315 respondents were selected using convenience sampling technique from customers of CBE' branches located in the town. Based on the theoretical and empirical literature review and objectives of the study, questionnaires with 34 items were provided in a 5-point Likert scale to be filled by the respondents. The gathered data was analyzed by descriptive and inferential statistics. The major findings are summarized and presented as below.

- ✓ The constructs used in this study have significant effect on customer retention.
- ✓ Trust in the bank industry has the most significant effect on customer retention.
- ✓ Communication is the next most significant effect on customer retention next to trust.
- ✓ The Commitment and other constructs have significant effect on customer retention.

Trust and Communication has been found central to relationship marketing in most research finding (Morgan and Hunt, 1994; Berry and Parasuraman, 1991; While Dwyer et al., 1987). The major research finding used in the study is summarized below:

Regarding the inferential analysis

The correlation between the six customer relationship marketing and customer retention results indicated that, there is positive and strong relationship between customer retention and Trust ($r = 0.753, < 0.01$), Communication ($r = 0.668, < 0.01$), Commitment ($r = 0.614, < 0.01$), Responsiveness ($r = 0.538, < 0.01$). Whereas Empathy ($r = 0.511, < 0.01$), had positive moderate relationship with customer satisfaction. As per the regression analysis result of the model summary, customer relationship marketing are accounted for (R^2) 69.8% variation in customer retention significant at $p < .05$.

Finally, based on the beta coefficients, Trust had relatively the highest effect ($\beta = .441$) on customer retention followed by Communications ($\beta = .228$), Commitment ($\beta = .218$), Empathy ($\beta = .156$), Responsiveness ($\beta = .128$) and But Conflict handling ($\beta = .032$) have relatively lower contribution to the prediction model at a significance level of 0.05. Thus, the null hypothesis can be rejected and support all customer relationship marketing dimensions had positive effect on customer retention.

5.2 Conclusions

The overall satisfaction and retention of the bank's customers, despite the influence of other factors, is affected by the customer relationships marketing which played significant and positive role in contributing values to the bank. In this regard, based on the results of the findings, the banking Trust has the highest effect on customer retention. Trustworthiness of the bank on calculating charges and cash payments enabled to retain its customers. The customers are feeling safe with transactions conducted with bank and its financial status.

These findings are also strengthened by previous research conducted by Roki's (2012) study which indicates that Trust significantly influence consumer purchasing decisions resulting in affecting their level of retention.

Prompt service of the bank to its customers, support of the employees for customers, and devotion of the bank to reply customer questions, special attention for special customers has resulted on customer retention.

- Trust and Communication have significant positive effect on customer retention in BCE in werabe town.

- The bank is supporting customers, the bank keeps its promises and the customers have feeling of interdependence with bank.
- Constant and long term relationship with customers of the bank improved the relationship practices that have positive effects on customer retention in CBE werabe town.
- Commitment of the workers and staff for customers positively affects customer retention through individual attention to customers.
- Sincere interest in solving problems with customers, attention to assist customers and flexible and convenient time to serve customers positively affect customer's retention of the bank.

Customer relationship marketing has positive and significant effect on customer retention, which supported the five proposed hypothesis of the research. The results of this study were also consistent with some of the related researches in this field. The same findings were repeated in Burns and Neisner, (2006), in their research in commercial banks showed that the presence of customer relationship marketing has a significant relationship with customer retention. According to the results of this research, the direct relationship between relationship marketing and customer retention was confirmed. It can be said that from customers' perspective, the dimensions of the relationship marketing considered in this study had significant relation with customer retention.

It can be concluded that the customer retention is a key to achieve the use of a banking product or service for the reason that this retention has a positive relation with the intention of re-purchasing and positive word of mouth. Also, satisfied customers are less sensitive to price, are less influenced by competitors and remain loyal to the company for a long time. This competitive advantage is achieved when there is an effective communication with customers, and this is achieved when it is possible to analyze the behavior of potential and actual consumers from various dimensions. So, commercial banks can apply customer-oriented attitude in the community. In the context of CBE, the Trust, Communication, Commitment, Responsiveness and Empathy have better contribution compared to the one variable of Conflict handling. This indicates these areas of the banking services are the marketing strategy that required more attention of the management for further improvement. It can be concluded that customer relationship marketing plays an important role in providing long-term benefits to the commercial bank of Ethiopia in the case of Werabe Town by promoting its sales performance through

enhancing customer retention. And hence, investing resource and exerting more efforts build sound customer relationship marketing to assure to exceed customer expectations.

5.3 Recommendations

Much attention should be given to the customer relationship marketing. It was widely recognized in the marketing literature that the customer relationship marketing plays a very crucial effect on customer retention of the bank. Thus, based on the major findings and conclusions, the following possible recommendations are forwarded:

The customers Trust of the banking service of CBE had significant and positive effect on customer retention. Provision of better-trust service compared to competitors and development or introduction of new banking service based on customers' needs are the areas that require the attention of the management. The research and development staffs are advised to work on investigating new or innovated banking Trust/securities in collaborating with different international banks.

Good Communication that set by CBE has significant and positive effect on customer retention in the bank. The customers acknowledged that banking communication better but they had doubts about its perfection compared to competitors. To improve the best flow of information to target customers, the managements should seriously design qualitative way of communication for attracting and retaining customers.

The Commitment was the concern of the respondents as it had significant effect on the customer retention. However, managements shall work on good commitment of their employees and their staff that shall influence the purchase intention of customers resulting in their retention. Thus, the bank management needs to improve its commitment so as to escalate its sales performance and market share at large. Responsiveness significantly affect towards the customer retention of the banking service. The quality of service depends on the ability of the staff and employees responding. That's why it is important to keep the good quality responsiveness of customers in the company. Continuous skill and development training should be given to employees, management and sales agents in providing the service. The company should understand individual needs customer. These would definitely help in improving the responsive capability of company could provide to the customers.

5.4 Limitations and Suggestion for Future Research

This study has several limitations. Amongst them, the major limitations were consideration of branches in Werabe Town. Exclusion of other branches in other regional cities would affect the wholeness of the findings. Respondents of this research limited only specific customers (individual customers). Whereas; organizational customers also have their own perception towards the customer relationship marketing strategies of the bank. Inclusion of organizational customers would have yielded different results. Based from this limitation, if any other researcher wants to further study about this topic, student researcher suggests inclusion or consideration of respondents/ users of the aforementioned organizational customers in different branches of the bank in different regional cities. So, the research can cover by many consumers characteristic and the result can be more comprehensive. On top of that, there are several factors like service quality that could affect customer retention. Future researches can use those other elements, so the result can be more comprehensive that could help companies to make more competitive strategy to gain more share on the market.

Reference

- Ababa, A. (2019). THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER SATISFACTION: THE CASE OF LION INTERNATIONAL BANK SC ADDISS ABABA.
- Abdela, M. K., Ahmed, H., Seman, A., Adamu, E., & Yasin, A. (2023). The effect of customer relationship management on customer loyalty on banking sector. *International Journal of Management(IJM)*, 14(5), 20–37.
- Abera, A. (2016). the Effect of Customer Relationship Marketing on Customer Retention: A Case Study of Commercial Bank of Ethiopia.
- Abratt, R., & Russell, J. (1999). Relationship marketing in private banking in South Africa. *International Journal of Bank Marketing*, 17(1), 5–19.
- Adefarasin, W., & Toludare, T. (2018a). Impact of customer relationship marketing on customer loyalty of mobile telecommunications network (MTN) in Lagos, Nigeria. *Annual Business Review*, 7(2), 185–190.
- Adefarasin, W., & Toludare, T. (2018b). Impact of customer relationship marketing on customer loyalty of mobile telecommunications network (MTN) in Lagos, Nigeria. *Annual Business Review*, 7(2), 185–190.
- Affran, S., Dza, M., & Buckman, J. (2019). Empirical conceptualization of Customer loyalty on relationship marketing and sustained competitive advantage. *Journal of Research in Marketing (ISSN: 2292-9355)*, 10(2), 798–806.
- Aka, D., Kehinde, O., & Ogunnaike, O. (2016). Relationship marketing and customer satisfaction: A conceptual perspective. *Binus Business Review*, 7(2), 185–190.

- Alhassan, J., & Yousuf, R. (2012). Effect of customer relationship management on customer loyalty in the hotel industry of Lebanon. *European Journal of Marketing*, 37(12), 169–175.
- Anabila, P., Narteh, B., Tweneboah-Koduah, E. Y., & Box, L. (2012). Relationship marketing practices and customer loyalty: Evidence from the banking industry in Ghana. *European Journal of Business and Management*, 4(13), 51–61.
- Anderson, E., & Weitz, B. (1992). The use of pledges to build and sustain commitment in distribution channels. *Journal of Marketing Research*, 29(1), 18–34.
- Anderson, J. C., & Narus, J. A. (1990). A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54(1), 42–58.
- Anushya, E., Selvarajan, P., & Tharani, V. (2016). The effect of relationship marketing on customers' satisfaction in commercial bank of ceylon PLC in Batticaloa district. *TRANS Asian Journal of Marketing & Management Research (TAJMMR)*, 5(9and10), 10–17.
- Arbale, H., & Mutisya, D. N. (2024). Book Review: " Research Methods for Business Students" by Mark NK Saunders, Philip Lewis, and Adrian Thornhill (Pearson Education, 2019). *African Quarterly Social Science Review*, 1(2), 8–21.
- Armstrong, G., Kotler, P., & Da Silva, G. (2006). *Marketing: An Introduction: An Asian Perspective*. Pearson/Prentice Hall.
- Ateba, B. B., Maredza, A., Ohei, K., Deka, P., & Schutte, D. (2015). Marketing mix: It's role in customer satisfaction in the South African banking retailing. *Banks & Bank Systems*, 10, Iss. 1, 83–91.
- Auka, D., Bosire, J. N., & Matern, V. (2013). Perceived service quality and customer loyalty in retail banking in Kenya.
- Auruskeviciene, V., Salciuviene, L., & Skudiene, V. (2010). The relationship quality effect on customer loyalty. *Pecunia: Revista de La Facultad de Ciencias Económicas y Empresariales*, 10, 23–36.

- Babu, G. C. (2012). The Impact of Customer Relationship Management on Small and Medium Enterprises Performance. *International Research Journal of Commerce Arts and Science*, 3(2), 627–637.
- Bahadur, W., Aziz, S., & Zulfiqar, S. (2018). Effect of employee empathy on customer satisfaction and loyalty during employee–customer interactions: The mediating role of customer affective commitment and perceived service quality. *Cogent Business & Management*, 5(1), 1491780.
- Banytė, J., Jokšaitė, E., & Virvilaitė, R. (2007). Relationship of consumer attitude and brand: Emotional aspect. *Engineering Economics*, 52(2).
- Beckett, A., Hewer, P., & Howcroft, B. (2000). An exposition of consumer behaviour in the financial services industry. *International Journal of Bank Marketing*, 18(1), 15–26.
- Bell, E., Bryman, A., & Harley, B. (2008). *Business Research Methods*. Oxford University Press.
- Bell, E., Bryman, A., & Harley, B. (2022). *Business research methods*. Oxford university press.
- Ben Naoui, F., & Zaiem, I. (2010). The impact of relationship quality on client’s loyalty: An application in the parapharmaceutical industry. *International Journal of Pharmaceutical and Healthcare Marketing*, 4(2), 137–156.
- Berry, L. L. (1995). Relationship marketing of services—Growing interest, emerging perspectives. *Journal of the Academy of Marketing Science*, 23, 236–245.
- Bhardwaj, D. (2007). Relationship marketing in context to the IT industry. *Vision*, 11(2), 57–66.
- Bizuwork, M. (2017). The effect of Relationship Marketing on Customer Loyalty-The Case of Selected Commercial Banks in Ethiopia.
- Bradley, N. L., Innes, K., Dakin, C., Sawka, A., Lakha, N., & Hameed, S. M. (2018). Multidisciplinary in-situ simulation to evaluate a rare but high-risk process at a level 1 trauma centre: The “Mega-Sim” approach. *Canadian Journal of Surgery*, 61(5), 357.
- Chattananon, A., & Trimetsoontorn, J. (2009). Relationship marketing: A Thai case. *International Journal of Emerging Markets*, 4(3), 252–274.

- Chen, I. J., & Popovich, K. (2003). Understanding customer relationship management (CRM): People, process and technology. *Business Process Management Journal*, 9(5), 672–688.
- Chenet, P., Tynan, C., & Money, A. (1999). Service performance gap: Re-evaluation and redevelopment. *Journal of Business Research*, 46(2), 133–147.
- Christopher, A., Juliana, N., & Nasiru, T. (n.d.). Evaluation of Customer Satisfaction on Customer Retention in Hotels in Adamawa State, Nigeria.
- Clark, M. K., Smith, B., & McDonald, M. (2004). Understanding the devil: Uncovering the detail of how effective CRM is implemented.
- Cohen, D. A., Gan, C., Hwa, A., & Chong, E. Y. (2006). Customer satisfaction: A study of bank customer retention in New Zealand.
- Conway, T., & Swift, J. S. (2000). International relationship marketing-The importance of psychic distance. *European Journal of Marketing*, 34(11/12), 1391–1414.
- Creswell, J. W. (2011). Controversies in mixed methods research. *The Sage Handbook of Qualitative Research*, 4(1), 269–284.
- Desta, T. B., & Tesfaye, M. (2023). DETERMINANTS OF EFFECTIVE STRATEGY IMEPLEMENTATION IN COMMERCIAL BANK OF ETHIOPIA: THE CASE OF AMBO DISTRICT. *Journal of Organisation & Human Behaviour*, 12(3).
- DeWitt, T., & Brady, M. K. (2003). Rethinking service recovery strategies: The effect of rapport on consumer responses to service failure. *Journal of Service Research*, 6(2), 193–207.
- Dhanushanthini, Y. (2012). The impact of relationship marketing orientation on brand equity-with reference to private commercial banks in Sri Lanka. *South Asian Journal of Marketing & Management Research*, 2(12), 15–29.
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987a). Developing buyer-seller relationships. *Journal of Marketing*, 51(2), 11–27.

- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987b). Developing buyer-seller relationships. *Journal of Marketing*, 51(2), 11–27.
- Egan, J. (2003). Back to the future: Divergence in relationship marketing research. *Marketing Theory*, 3(1), 145–157.
- Emmanuel, N. C., Aham, A. V., & Cosmas, N. A. (2016). Protecting the Nigerian consumer: An expository examination of the role of Consumer Protection Council. *International Journal in Management & Social Science*, 4(3), 529–542.
- Etim, G. S., Etuk, I. U., James, E. E., & Ekpe, S. (2020a). EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER RETENTION IN THE TELECOMMUNICATIONS INDUSTRY. *Studies*, 4(4), 68–81.
- Etim, G. S., Etuk, I. U., James, E. E., & Ekpe, S. (2020b). EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER RETENTION IN THE TELECOMMUNICATIONS INDUSTRY. *Studies*, 4(4), 68–81.
- Etim, G. S., Etuk, I. U., James, E. E., & Ekpe, S. (2020c). EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER RETENTION IN THE TELECOMMUNICATIONS INDUSTRY. *Studies*, 4(4), 68–81.
- Eyonam, J., & Kofi, P. (2018). Analyzing the impact of customer relationship management on customer satisfaction and retention in the banking sector of Ghana. *European Journal of Bank Marketing Management*, 20(7), 18–26.
- Frow, P., & Payne, A. (2009a). Customer relationship management: A strategic perspective. *Journal of Business Market Management*, 3, 7–27.
- Frow, P., & Payne, A. (2009b). Customer relationship management: A strategic perspective. *Journal of Business Market Management*, 3, 7–27.
- Fullerton, G. (2005). How commitment both enables and undermines marketing relationships. *European Journal of Marketing*, 39(11/12), 1372–1388.

- Geda, A., Addison, T., & Alemu, G. (2017). The Current State of Ethiopian Financial Sector and its Regulation: What is New after a Decade and a Half Strategy of Gradualism in Reform, 2001-2017. Unpublished Working Paper.
- Greener, J. R., Bass, S. B., & Lepore, S. J. (2018). Contralateral prophylactic mastectomy: A qualitative approach to exploring the decision making process. *Journal of Psychosocial Oncology*, 36(2), 145–158.
- Gronroos, C. (1994). From marketing mix to relationship marketing: Towards a paradigm shift in marketing. *Asia-Australia Marketing Journal*, 2(1), 9–29.
- Grönroos, C. (2009a). Marketing as promise management: Regaining customer management for marketing. *Journal of Business & Industrial Marketing*, 24(5/6), 351–359.
- Grönroos, C. (2009b). Relationship marketing as promise management. *The Sage Handbook of Marketing Theory*, 397–412.
- Gundlach, G. T., Achrol, R. S., & Mentzer, J. T. (1995). The structure of commitment in exchange. *Journal of Marketing*, 59(1), 78–92.
- Gupta, R., Deedwania, P. C., Gupta, A., Rastogi, S., Panwar, R. B., & Kothari, K. (2004). Prevalence of metabolic syndrome in an Indian urban population. *International Journal of Cardiology*, 97(2), 257–261.
- Hair, J. F., Sarstedt, M., Pieper, T. M., & Ringle, C. M. (2012). The use of partial least squares structural equation modeling in strategic management research: A review of past practices and recommendations for future applications. *Long Range Planning*, 45(5–6), 320–340.
- Hair, J. F., Sarstedt, M., Ringle, C. M., & Mena, J. A. (2012). An assessment of the use of partial least squares structural equation modeling in marketing research. *Journal of the Academy of Marketing Science*, 40, 414–433.

- Hettiarachchy, B., & Samarasinghe, D. (2016). Influence of relationship marketing on customer retention in Sri Lankan Banking Industry. University of Sri Jayewardenepura, Sri Lanka, 13th International Conference on Business Management (ICBM).
- Homburg, C., & Sieben, F. G. (2000). Customer Relationship Management: Strategische Ausrichtung statt IT-getriebenem Aktivismus (Vol. 52). Inst. für Marktorientierte Unternehmensführung, Univ. Mannheim.
- Husnain, M., & Akhtar, M. W. (2016). Impact of branding on impulse buying behavior: Evidence from FMCG's sector Pakistan. *International Journal of Business Administration*, 7(1), 59.
- Ibrahim, A., Jubril, R., & Al-mustapha, N. (2015a). Impact of relationship marketing on customer loyalty to privately-owned hospitals in Kaduna. *Global Journal of Emerging Trends in Public Health Administration*, 23(7), 14–30.
- Ibrahim, A., Jubril, R., & Al-mustapha, N. (2015b). Impact of relationship marketing on customer loyalty to privately-owned hospitals in Kaduna. *Global Journal of Emerging Trends in Public Health Administration*, 23(7), 14–30.
- Jackie, E., Robinson, W., Stuart, R., & Weller, P. (2017). Impact of customer relationship marketing on customer patronage of privately-owned hospitals in Toronto, Canada. *Journal of Public Health Administration*, 3(2), 11–20.
- Kakkuri, O. (2020). Customer Relationship Management: Kundvård i företaget Kokkolan Työkaluässä.
- Kamakura, W., Mela, C. F., Ansari, A., Bodapati, A., Fader, P., Iyengar, R., Naik, P., Neslin, S., Sun, B., & Verhoef, P. C. (2005). Choice models and customer relationship management. *Marketing Letters*, 16, 279–291.
- Kandampully, J., & Duddy, R. (1999). Relationship marketing: A concept beyond the primary relationship. *Marketing Intelligence & Planning*, 17(7), 315–323.

- Karim, K., Ilyas, G. B., Umar, Z. A., Tajibu, M. J., & Junaidi, J. (2023). Consumers' awareness and loyalty in Indonesia banking sector: Does emotional bonding effect matters? *Journal of Islamic Marketing*, 14(10), 2668–2686.
- Kartawinata, B. R., & Wardhana, A. (2013). Marketing strategies and their impact on marketing performance of Indonesian ship classification society. *International Journal of Science and Research*, 4(2), 69–74.
- Kim, M., Knutson, B. J., & Vogt, C. A. (2014). Posttrip behavioral differences between first-time and repeat guests: A two-phase study in a hospitality setting. *Journal of Hospitality Marketing & Management*, 23(7), 722–745.
- King, G., & Roberts, M. E. (2015). How robust standard errors expose methodological problems they do not fix, and what to do about it. *Political Analysis*, 23(2), 159–179.
- Kleinaltenkamp, M., & Ehret, M. (2006a). *Relationship theory and business markets* (Vol. 21, Issue 2). Emerald Group Publishing.
- Kleinaltenkamp, M., & Ehret, M. (2006b). *Relationship theory and business markets* (Vol. 21, Issue 2). Emerald Group Publishing.
- Koh, K. S. W., Chan, L. S.-L., & Ho, S. K. (2016). SME customer service excellence: A Singaporean case study. *Nang Yan Business Journal*, 4(1), 13–22.
- Kothari, S. P., Li, X., & Short, J. E. (2009). The effect of disclosures by management, analysts, and business press on cost of capital, return volatility, and analyst forecasts: A study using content analysis. *The Accounting Review*, 84(5), 1639–1670.
- Kotler, P. (2012). *Kotler on marketing*. Simon and Schuster.
- Kotler, P., Armstrong, G., Ang, S. H., Leong, S. M., Tan, C. T., & Ho-Ming, O. (2012). *Principles of marketing: An Asian perspective*. Pearson/Prentice-Hall.
- Kotler, P., & Armstrong, G. M. (2010). *Principles of marketing*. Pearson Education India.

- Kumar, S. P. (2011). Reporting of pediatric palliative care: A systematic review and quantitative analysis of research publications in palliative care journals. *Indian Journal of Palliative Care*, 17(3), 202.
- Kuranchie, F. K. (2010). The Effect of Customer Relationship Marketing on Customer Retention in the Ghanaian Banking Sector: A case study of Intercontinental Bank Ghana Limited.
- Lalitha, S., & Prasad, V. (2010). A Study of CRM Practices and Customer Satisfaction in Telecom Sector. *Asian Journal of Management*, 1(2), 47–54.
- Li, X., Li, L., Gao, J., He, X., Chen, J., Deng, L., & He, J. (2015). Recurrent reinforcement learning: A hybrid approach. *arXiv Preprint arXiv:1509.03044*.
- Liljander, V., & Strandvik, T. (1995). The nature of customer relationships in services. *Advances in Services Marketing and Management*, 4(141), 67.
- Lockshin, L., & McDougall, G. (1998). Service problems and recovery strategies: An examination of the critical incident technique in a business-to-business market. *International Journal of Retail & Distribution Management*, 26(11), 429–438.
- Lone, R. (2020). Relationship Marketing Elements in the Telecom Sector of Jammu and Kashmir. *Management Insight*, 16(1), 26–29.
- Louvieris, P., Driver, J., & Powell-Perry, J. (2003). Managing customer behaviour dynamics in the multi-channel e-business environment: Enhancing customer relationship capital in the global hotel industry. *Journal of Vacation Marketing*, 9(2), 164–173.
- Ly-Chatain, M. H., Moussaoui, S., Vera, A., Rigobello, V., & Demarigny, Y. (2013). Antiviral effect of cationic compounds on bacteriophages. *Frontiers in Microbiology*, 4, 46.
- Magasi, C. (2016). Customer Relationship Marketing and its Influence on Customer Retention: A Case of Commercial Banking Industry in Tanzania. *Journal of Emerging Issues in Economics, Finance & Banking*, 5(1).

- Maggon, M., & Chaudhry, H. (2018). Exploring relationships between customer satisfaction and customer attitude from customer relationship management viewpoint: An empirical study of leisure travellers. *FIIB Business Review*, 7(1), 57–65.
- Mahmoud, M. A., Hinson, R. E., & Adika, M. K. (2018). The effect of trust, commitment, and conflict handling on customer retention: The mediating role of customer satisfaction. *Journal of Relationship Marketing*, 17(4), 257–276.
- MAMO, F. (2017). THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN BANKING INDUSTRY IN THE CASE OF DASHEN BANK.
- Mandina, S. P. (2014). Contribution of CRM strategies in enhancing customer loyalty. *Journal of Marketing Development and Competitiveness*, 8(2), 69.
- Matthews, L., Hair, J., & Matthews, R. (2018). PLS-SEM: The holy grail for advanced analysis. *Marketing Management Journal*, 28(1).
- MELAK, S. (2017). ASSESEMENT OF CUSTOMER RELATIONSHIP MANAGEMENT: A CASE STUDY ON COMMERCIAL BANK OF ETHIOPIA NORTH ADDIS DISTRICT.
- Milichovský, F. (2013). New tools for effective marketing communications. *Acta Universitatis Bohemiae Meridionalis*, 16(1), 35–43.
- Moorman, C., Zaltman, G., & Deshpande, R. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3), 314–328.
- Ndubisi, N. O. (2006). A structural equation modelling of the antecedents of relationship quality in the Malaysia banking sector. *Journal of Financial Services Marketing*, 11, 131–141.
- Ndubisi, N. O. (2011). Conflict handling, trust and commitment in outsourcing relationship: A Chinese and Indian study. *Industrial Marketing Management*, 40(1), 109–117.

- Ngambi, M. T., & Ndifor, P. S. (2015a). Customer relationship management and firm performance: Revisiting the case of the Camccul Microfinance Institutions. *International Journal of Information Technology and Business Management*, 38(1), 12–21.
- Ngambi, M. T., & Ndifor, P. S. (2015b). Customer relationship management and firm performance: Revisiting the case of the Camccul Microfinance Institutions. *International Journal of Information Technology and Business Management*, 38(1), 12–21.
- Nurbasari, A., & Harani, N. H. (2018). Influence of customer relationship marketing and satisfaction of customer loyalty (Case Study: In Bank CIMB Niaga Lembong in Bandung). *Economics*, 6(2), 98–107.
- Odili, G., Frederick, I., & Nonye, P. (2020). Relationship marketing and customer retention among telecom networks in Enugu. *Journal of Marketing Management and Consumer Behavior*, 2(2), 120–129.
- Olayinka, H., & Odunlami, P. (2018a). Customer relationship marketing and customer patronage among commercial banks in Oyo State, Nigeria. *European Journal of Advanced Consumer Behaviour Research*, 27(8), 178–189.
- Olayinka, H., & Odunlami, P. (2018b). Customer relationship marketing and customer patronage among commercial banks in Oyo State, Nigeria. *European Journal of Advanced Consumer Behaviour Research*, 27(8), 178–189.
- Oly Ndubisi, N., & Kok Wah, C. (2005a). Factorial and discriminant analyses of the underpinnings of relationship marketing and customer satisfaction. *International Journal of Bank Marketing*, 23(7), 542–557.
- Oly Ndubisi, N., & Kok Wah, C. (2005b). Factorial and discriminant analyses of the underpinnings of relationship marketing and customer satisfaction. *International Journal of Bank Marketing*, 23(7), 542–557.

- Oly Ndubisi, N., Kok Wah, C., & Ndubisi, G. C. (2007a). Supplier-customer relationship management and customer loyalty: The banking industry perspective. *Journal of Enterprise Information Management*, 20(2), 222–236.
- Oly Ndubisi, N., Kok Wah, C., & Ndubisi, G. C. (2007b). Supplier-customer relationship management and customer loyalty: The banking industry perspective. *Journal of Enterprise Information Management*, 20(2), 222–236.
- Oly Ndubisi, N., & Madu, C. N. (2009). The association of gender to firm-customer relationship. *International Journal of Quality & Reliability Management*, 26(3), 283–301.
- Omar, M. A., Jayaraman, K., & Noornina, D. (2016). Investigating the relational factors for inter-firm information exchange based on commitment-trust theory: A conceptual framework. *Journal of Global Business and Social Entrepreneurship*, 2(1), 1–12.
- Ondieki, S. M., Okibo, W. B., Nyang'au, A., Obenge, P. O., Nyongesa, W. J., & Nyamasege, D. (2014). Effects of direct selling strategy on customer loyalty by commercial banks in Kisii County. *International Journal of Business and Social Science*, 5(3).
- Orue, B., Lopez, J., Moreno, G., Santiago, J., Boyra, G., Uranga, J., & Murua, H. (2019). From fisheries to scientific data: A protocol to process information from fishers' echo-sounder buoys. *Fisheries Research*, 215, 38–43.
- Parvatiyar, A., & Sheth, J. N. (2001). Customer relationship management: Emerging practice, process, and discipline. *Journal of Economic & Social Research*, 3(2).
- Parvatiyar, A., & Sheth, J. N. (2021). Toward an integrative theory of marketing. *AMS Review*, 1–14.
- Pena, M. M., Silva, E. M. S. da, Tronchin, D. M. R., & Melleiro, M. M. (2013). The use of the quality model of Parasuraman, Zeithaml and Berry in health services. *Revista Da Escola de Enfermagem Da USP*, 47, 1227–1232.

- Pimm, S. L., Harris, G., Jenkins, C. N., Ocampo-Peñuela, N., & Li, B. V. (2017). Unfulfilled promise of data-driven approaches: Response to Peterson et al. 2016. *Conservation Biology*, 31(4), 944–947.
- Puspitaweni, R., Rini, E. S., & Sembiring, B. K. F. (2021). The Influence of Product Quality and Price on Customer Loyalty of Telkomsel Users through Customer Satisfaction in Medan City. *International Journal of Research and Review*, 8(12), 580–586.
- Rajah, N., & Al-Islami, K. (2014). Impact of relationship marketing on customer satisfaction and retention in the fast-food industry in Mali. *European Journal of Marketing*, 37(2), 169–176.
- Rajan, R. G. (1996). Why banks have a future: Toward a new theory of commercial banking. *Journal of Applied Corporate Finance*, 9(2), 114–128.
- Reichheld, F. F., & Teal, T. (1996). *The loyalty effect: The hidden force behind growth, profits and lasting.* Harvard Business School Publications, Boston.
- Reinartz, W., Thomas, J. S., & Kumar, V. (2005). Balancing acquisition and retention resources to maximize customer profitability. *Journal of Marketing*, 69(1), 63–79.
- Ricard, L., & Perrien, J. (1999). Explaining and evaluating the implementation of organizational relationship marketing in the banking industry: Clients' perception. *Journal of Business Research*, 45(2), 199–209.
- Ringold, D. J., & Weitz, B. (2007). The American Marketing Association Definition of Marketing: Moving from Lagging to Leading Indicator. *Journal of Public Policy & Marketing*, 26(2), 251–260.
<https://doi.org/10.1509/jppm.26.2.251>
- Rinn, A. N., Jamieson, K. M., Gross, C. M., & McQueen, K. S. (2009). A canonical correlation analysis of the influence of social comparison, gender, and grade level on the multidimensional self-concepts of gifted adolescents. *Social Psychology of Education*, 12, 251–269.

- Rizan, M., Warokka, A., & Listyawati, D. (2014). Relationship marketing and customer loyalty: Do customer satisfaction and customer trust really serve as intervening variables? *Journal of Marketing Research & Case Studies*, 2014, 1.
- Robert, C., & da Motta Veiga, S. P. (2017). Conversational humor and job satisfaction at work: Exploring the role of humor production, appreciation, and positive affect. *Humor*, 30(4), 417–438.
- Robert, N., Muller, S., & Purcell, D. (2018). Relationship marketing and customer loyalty: Application of the commitment-trust theory. *Journal of Emerging Trends in Personnel Management*, 23(12), 10–21.
- Robson, C. (2002). *Real world research: A resource for social scientists and practitioner-researchers*. Wiley-Blackwell.
- Rootman, C. (2010). An international comparative study on the relationship marketing and customer retention of retail banks: Lessons for South Africa.
- Rootman, C., & Tait, M. (2013). Banking clients' perceptions on customer retention: Lessons to an emerging economy. Copyright© 2013 Nelson Mandela Metropolitan University Business School All Rights Reserved., 15.
- Rust, R. T., Zahorik, A. J., & Keiningham, T. L. (1995). T: quality revolution has taken over the thinking of. *Journal of Marketing*, 59, 58–70.
- Salazar, M. T., Harrison, T., & Ansell, J. (2004). CRM in the Insurance Industry: An Attempt to Use Survival Analysis in Retention and Cross Selling.
- San-Martín, S., Jiménez, N., & López-Catalán, B. (2016). The firms benefits of mobile CRM from the relationship marketing approach and the TOE model. *Spanish Journal of Marketing-ESIC*, 20(1), 18–29.
- Saunders, M. (2012). Choosing research participants. *Qualitative Organizational Research: Core Methods and Current Challenges*, 35–52.

- Seth, D., & Tripathi, D. (2005). Relationship between TQM and TPM implementation factors and business performance of manufacturing industry in Indian context. *International Journal of Quality & Reliability Management*, 22(3), 256–277.
- Seturi, M., & Urotadze, E. (2017). About Marketing Process Model and Relationship Marketing. 169–171.
- Shalaby, S., Sayed Kamel, T., & Mohamed Afify, G. (2024). The Impact of Customer Relationship Management on Customer Loyalty. *والبيئية التجارية للدراسات العلمية المجلة*, 15(1), 517–539.
- Sharma, A., & Sheth, J. N. (2004). Web-based marketing: The coming revolution in marketing thought and strategy. *Journal of Business Research*, 57(7), 696–702.
- Sheth, J. N. (2000). Relationship marketing: Paradigm shift or shaft. *Handbook of Relationship Marketing*, 609–620.
- Sheth, J. N. (2002). The future of relationship marketing. *Journal of Services Marketing*, 16(7), 590–592.
- Sheth, J. N., & Shah, R. H. (2003). Till death do us part... but not always: Six antecedents to a customer's relational preference in buyer–seller exchanges. *Industrial Marketing Management*, 32(8), 627–631.
- Siddiqi, K. O. (2011). Interrelations between Service Quality Attributes, Customer Satisfaction and Customer Loyalty in the Retail Banking Sector in Bangladesh. *International Journal of Business and Management*, 6(3), p12. <https://doi.org/10.5539/ijbm.v6n3p12>
- Sim, J., Saunders, B., Waterfield, J., & Kingstone, T. (2018). Can sample size in qualitative research be determined a priori? *International Journal of Social Research Methodology*, 21(5), 619–634.
- Simpson, J. A., & Tran, S. (2006). The needs, benefits, and perils of close relationships. *Close Relationships: Functions, Forms and Processes*, 3–24.
- Sin, L. Y., Tse, A. C., & Yim, F. H. (2005a). CRM: conceptualization and scale development. *European Journal of Marketing*, 39(11/12), 1264–1290.

- Sin, L. Y., Tse, A. C., & Yim, F. H. (2005b). CRM: conceptualization and scale development. *European Journal of Marketing*, 39(11/12), 1264–1290.
- Sivaraks, P., Krairit, D., & Tang, J. C. (2011). Effects of e-CRM on customer–bank relationship quality and outcomes: The case of Thailand. *The Journal of High Technology Management Research*, 22(2), 141–157.
- Soliman, H. S. (2011). Customer relationship management and its relationship to the marketing performance. *International Journal of Business and Social Science*, 2(10).
- Sukaatmadja, P., Rahyuda, H., & Dewi, A. (2017). The Role of customer relationship marketing in improving SMEs export performance in Bali Province. *IOSR Journal of Business and Management*, 19(3), 47–54.
- Taleghani, M., Gilaninia, S., & Mousavian, S. J. (2011). The role of relationship marketing in customer orientation process in the banking industry with focus on loyalty (Case study: Banking industry of Iran). *International Journal of Business and Social Science*, 2(19).
- Tax, S. S., Brown, S. W., & Chandrashekar, M. (1998). Customer evaluations of service complaint experiences: Implications for relationship marketing. *Journal of Marketing*, 62(2), 60–76.
- TESFAYE, E. (2018). THE EFFECT OF CUSTOMERS RELATIONSHIP MARKETING ON CUSTOMER RETENTION: A CASE OF UNITED BANK SC.
- TESFAYE, M. (2021). ASSESEMENT OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN ETHIOPIAN SHIPPING AND LOGISTICS SERVICE ENTERPRISE.
- Thakor, A. V., & Boot, A. W. (2008). *Handbook of financial intermediation and banking*. Elsevier.
- Thusyanthy, V., & Senthilnathan, S. (2011). Customer satisfaction in terms of physical evidence and employee interaction. *The IUP Journal of Marketing Management*, XI (3), 2012, 7–24.

- Velnampy, T., & Sivesan, S. (2012a). Customer relationship marketing and customer satisfaction: A study on mobile service providing companies in Srilanka. *Global Journal of Management and Business Research*, 12(18), 318–324.
- Velnampy, T., & Sivesan, S. (2012b). Customer relationship marketing and customer satisfaction: A study on mobile service providing companies in Srilanka. *Global Journal of Management and Business Research*, 12(18), 318–324.
- Verma, S., & Chaudhuri, R. (2009). Effect of CRM on Customer Satisfaction in Service Sector in India. *Journal of Marketing & Communication*, 5(2).
- Walter, A., Mueller, T. A., & Helfert, G. (2000). The impact of satisfaction, trust, and relationship value on commitment: Theoretical considerations and empirical results. 07–09.
- Wedel, M., & Pieters, R. (2007). *Visual marketing: From attention to action*. Psychology Press.
- Wilson, D. T., & Jantrania, S. (1994). Understanding the value of a relationship. *Asia-Australia Marketing Journal*, 2(1), 55–66.
- Woldemedhin, S. G. (2021). *The Impact of Foreign Direct Investment (FDI) on Ethiopia's Economic Growth*.
- Yesha Tomar, P., Dangwal, R., & Sharma, P. (n.d.). Measuring Customer Satisfaction through CRM in Public and Private Sector Banks in Uttarakhand. *Sustainable Competitive Advantage: A Road to Success*, 68.
- Yin, R. K. (2003). Designing case studies. *Qualitative Research Methods*, 5(14), 359–386.
- Yulisetiari, D. (2016). The Effect of Relationship Marketing towards Customer Satisfaction and Customer Loyalty on Franchised Retailers in East Java. *Mediterranean Journal of Social Sciences*, 7(1), 333.
- Zhang, J. Z., Watson Iv, G. F., Palmatier, R. W., & Dant, R. P. (2016). Dynamic relationship marketing. *Journal of Marketing*, 80(5), 53–75.

Zungu, N. P., & Mason, R. B. (2017a). Young clients' attitudes to service quality at retail banks in a developing country. *Banks and Bank Systems* (Online).

Zungu, N. P., & Mason, R. B. (2017b). Young clients' attitudes to service quality at retail banks in a developing country. *Banks and Bank Systems* (Online).

Appendices

Appendix – I Survey Questionnaire – English Version

Werabe University
School of Graduate Studies
QUESTIONNAIRE

Dear Respondent,

My name is Muhdin Shifa, I am a postgraduate student of Werabe University, College of Business and Economics, Department of Marketing Management. I am conducting my study entitled “The effect of customer relationship marketing on customer retention: the case of commercial bank of Ethiopia at Werabe town.” This questionnaire aims to gather data regarding how the relationship marketing elements in terms of Trust, Empathy, Commitment, Conflict handling, Communication, and Responsiveness affect customer retention. Your honest and sincere responses to this questionnaire will play a great role in making the research successful. I assure you that all the responses will be treated confidentially and only be used for academic purposes. Participation is purely voluntary and no need to write your name.

I thank you in advance for offering your golden time and if you have any questions, please feel free to contact me at the below contact:

Muhdin Shifa

Phone: +251 923266876\912298998

Email: shifamuhdin278@gmail.com

Tip; CBEWT means Commercial Banks of Ethiopia in Werabe Town.

1. Demographic Profile of Respondents

Direction: The following statements are about your personal information. Please write the necessary information on the blank space provided and, in the optional items, indicate your answer by putting a tick mark (x) in the box.

1. Gender 1. Male 2. Female

2. Age (Years) 1. Less than 28 2. 28 - 38 3. 39 - 48
4. 49 – 59 5. More than 59

3. Income 1. Less than 10,000 Birr 2. 10,000 – 20,000 Birr
3. 20,001 – 30,000 Birr 4. 30,001 – 40,000 Birr
5. Above 40,000 Birr

4. Which service offered by the bank do you rank the best? (Please select only one service)

1. Account (Saving, Current, Block, etc.) 2. Interest offer
3. Loan Scheme 4. Foreign Exchange
5. International Money Transfer 6. Electronic Banking
7. Other banking services, please specify _____

5. Marital Status 1. Unmarried 2. Married 3. Divorced
4. Widow

6. Education 1. Illiterate 2. Elementary School
3. High School 4. Degree
5. Master’s Degree and Above

7. How long have you been a customer of this bank? (experience)
1. 1 – 5 years 2. 6 – 10 years 3. > 10 years

Section B: Indicators of customer satisfaction

2. The statements below are indicators of the determinants of customer retention with banks’ services. Please rank the following on a scale of 1-5(minimum to maximum) to reflect your feelings and the extent to which you agree with the statements.

Key:

1 = SD: Strongly Disagree

2 = D: Disagree,

3 = N: Neutral,

4 =A: Agree,
5 = SA: Strongly Agree,

No	Questions					
1	Trust	SD	D	N	A	SA
1	The bank is consistent in providing quality service	1	2	3	4	5
2	I feel safe security's in my dealings with the bank	1	2	3	4	5
3	The bank fulfills its obligation to customers	1	2	3	4	5
4	financial status of the bank is reliable	1	2	3	4	5
5	Given your experience, the bank can be trusted Completely	1	2	3	4	5
6	The Bank provides better quality service compared to competitors	1	2	3	4	5
2	Empathy	SD	D	N	A	SA
1	bank employees try to understand my feeling	1	2	3	4	5
2	bank give attention to customers service	1	2	3	4	5
3	Employees have best interest at heart to serve customers	1	2	3	4	5
3	Commitment	SD	D	N	A	SA
1	The bank is flexible to meet changing customer needs.	1	2	3	4	5
2	I am very committed to continue my relationship with this bank	1	2	3	4	5
3	My relationship with this bank is very important for me	1	2	3	4	5

4	The bank always applies the right policy and practices.	1	2	3	4	5
4	Conflict Handling	SD	D	N	A	SA
1	The bank tried to avoid potential conflict on time.	1	2	3	4	5
2	The bank has the ability to openly discuss solutions when problems arise	1	2	3	4	5
3	The bank shows a sincere interest in solving customer problem	1	2	3	4	5
4	The bank clearly negotiate with you about how and where a problem is happened and try to solve it.	1	2	3	4	5
5	The bank gives you prompt response for your complaints	1	2	3	4	5

5	Communication	SD	D	N	A	SA
1	The bank provides timely and trustworthy information	1	2	3	4	5
2	The bank provides information if there are new banking services happens	1	2	3	4	5
3	Information provided by my bank is always accurate.	1	2	3	4	5
4	The bank provides early notice whenever there is change during policy renewal (change in policy or premium payment).	1	2	3	4	5
	Responsiveness	SD	D	N	A	SA

1	The bank provides prompt service to its customers	1	2	3	4	5
2	Employees of the bank are willing to help customers.	1	2	3	4	5
3	Employees of the bank devote time to reply to any of your questions	1	2	3	4	5
4	The bank arranges special care to special customers.	1	2	3	4	5
5	The behavior of the employees inspires confidence in customers.	1	2	3	4	5

Part III Customer Retention

Please, also indicate your agreement or disagreement level for the next statements, using the same method of selection as the previous section, concerning your interest to continue doing business with the bank.

No	Customer Retention	SD	D	N	A	SA
1	My bank is my first choice for any bank service need.	1	2	3	4	5
2	Service provided by the bank is case for my continuity as a customer	1	2	3	4	5
3	I would recommend my bank to others (friend, family...).	1	2	3	4	5
4	I plan to continue my relationship with my bank in future.	1	2	3	4	5

5	I have said positive things about my bank to others.	1	2	3	4	5
6	The banking service consistently meets my expectations	1	2	3	4	5
7	I feel the staff of the Bank believe in the betterment of their customers	1	2	3	4	5

