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**Research Title: The Effect of Relationship Marketing Practices on Customer
Loyalty: The Case of Lion International Bank S.C., Addis Ababa**

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**The Effect of Relationship Marketing Practices on
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Declaration

I, hereby declare that the thesis entitled “**The Effect of Relationship Marketing Practices on Customer Loyalty: The Case of Lion International Bank S.C.**” is my original work prepared under the guidance of my advisor **Zemenu Aynadis (Asst. Prof)** and as to the best of my knowledge, it has not been previously submitted to any University. I would also like to confirm that all the source materials used in this study are duly acknowledged.

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Confirmation

This is to certify that **Tsega G/Eyesus** has carried out this thesis on the topic entitled “The Impact of Relationship Marketing Practices on Customer Loyalty the Case of Lion International Bank S.C.” Under my supervision. Accordingly, I here assure that his work is appropriate and standard enough to be submitted for the partial fulfillment of the requirements for the award of the Masters degree in Business Administration.

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Signature: _____

Date: _____

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Acronyms /List of Abbreviations

CH: Conflict Handling

CL: Customer Loyalty

CO: Commitment

COM: Communication

CR: Customer Retention

CS: Customer Satisfaction

CT: Customer Trust

EM: Empathy

LIB: Lion International Bank

RM: Relationship Marketing

RMP: Relationship Marketing Practice

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Abstract

Relationship marketing (RM) is one of the most important tools that companies use to build a long lasting relationship with their customers as it is a source of competitive advantage and retain them to develop their performances. The aim of this research is to examine the effect of relationship marketing practices on customer loyalty of Lion International Bank. To study the effect of relationship marketing practices six dimensions of RM practices were used as independent variables and tests the respondents understanding perspectives on the effect of relationship marketing practices on customer loyalty. In order to achieve this objective, a sample of 106 customers has taken using probability sampling particularly stratified sampling technique and a questionnaire was used as a research tool for the collection of data. And the collected data was analyzed through SPSS version 25 by running descriptive statistics, correlation and regression Moreover, the study has employed a key-informants interview, Focus Group Discussion for consolidating the information obtained by the questioner. And it has also utilized different secondary sources including books, Articles and journals. Based on this, it is found that some selected variables of relationship marketing practices (Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer satisfaction practices) strongly, significantly and positively affected Customer Loyalty of the company. To achieve strong competitive advantage in terms of increasing profitability, market share, customer retention and attracting new and potential customers over other banks they must establish a strong relationship with their customers making them happy with their services and product they offer.

Keywords: Lion International Bank S.C., Relationship marketing, Trust, Commitment, Communication, Empathy, Conflict Handling, satisfaction and Customer Loyalty.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Relationship Marketing is an effort to attract customers and improve customer relationships. It is an attempt to customer retention, development of relation, and making more attractive the relationship with customers. Although definitions are very diverse in terms of scope and importance, but most definitions of relationship marketing literature have similar meanings. Sheth (2000) suggest that relationship marketing, understand, explain and manage a cooperative business relationship between producer and consumer. According to Kotler and Armstrong (2003), relationship marketing is a process of creating, maintaining, and strengthening relationship that is full of value with the customers and other believers. Relationship marketing is an ongoing process that requires a company to establish a permanent communication. Gummesson (2004) determined that the customer relationship is the Cornerstone of Marketing, particularly where the objectives of the parties involved in the transaction will be fulfilled by continuous exchanges and the development of relations. After the aim of attracting and keeping customers, relationship marketing, which includes a form of marketing from a transaction focus to a relationship with an emphasis on customer service, excellent customer service and commitment to quality, is relevant for everyone.

So as to attain a business objective maintaining a good relationship with customers is the road to success in running a business, because it will create a harmony between the service provider and the service recipient. Thus, creating loyal customers is at the heart of every business Keller and Kotler, (2012). Leverin and Liljander (2006), defined loyalty as a strong commitment to buy back or re subscribe products/services that have been consistently selected in the future. The customer's loyalty will help promote the company. They will do strong word of mouth, creating a business submission, provide references and to give advice to others or recommend (Bowen and Chen, 2001). With the activities for loyal customers, then there are some advantages as described above, but besides that customer's loyalty will also increase sales through purchasing a wider and make more purchasing frequency.

The banking industry must develop strong relationships with their customers in order to compete successfully in the competitive retail banking environment (Zhang, 2009). Thus, the aim of relationship marketing is to increase profits through building lifetime relationships with customers through customer interaction and participation (Gummerus et al., 2017). In turn relationship marketing supports customer retention. Singh and Khan (2012) stated that customer retention is the most variable that has an effect on profit growth. Establishing and maintaining good relationships with customers or relationship marketing. (Hakim and Hakim, (2017) will provide customers with information and control over creation of desired products or service. (Geyer-Schulz and Meyer Waarden, (2014)) will in turn improve customer repurchase intention, positive word-of-mouth and their emotional attachment with the firm (Gengeswari et al., 2013).

Previous works on customer loyalty suggested numerous means that can be utilized to retain customers. Root man et al. (2014) mentioned several factors that may affect relationship marketing and customer retention in organizations, particularly banks, such as communication, personalization, fees, ethical behavior, empowerment and technology. Bai and Qin (2016) suggested that the integration between customer relationship management (CRM) and relationship marketing can serve as a mean to enhance customer loyalty. In general, scholars provide numerous factors that enrich relationship marketing such as customer trust, commitment, satisfaction, empathy, cooperation, dependence on the seller, expertise of the seller and comparison of alternatives, preferential treatment, interpersonal communication and tangible rewards (Rizan et al., 2014; Soimo et al., 2015; Bataineh et al., 2015; Husnain and Akhtar, 2015; Magasi, 2016; Hakim and Hakim, 2017).

In Ethiopia as well the banking sector has been flourishing with the sector entertaining more participants from both private and public sector (NBE, 2012). The increase in the number of banks in the industry to some extent has increased the sense of competition among banks (Lelissa, 2014). Such competition spirit will obviously calls for banks to orient their strategies towards attracting customers. It is clear that customer is the only source of the banks' present profit and future growth. Kotler and Keller (2012) stated that creating loyal customers is at the heart of every business. Customers are central to all marketing activities all over the world. Success and profit is not thinkable without customers.

By addressing customer relationship marketing practices that contribute to banks performance, the researcher will better understand the scope and activities related to relationship marketing that create and enhanced level of customer loyalty in competitive business market place. Therefore, the researcher was intended to empirically test the impact of relationship marketing practices on customer loyalty of the company.

Moreover, The establishment of Lion International Bank S.C., on October 2, 2006 in accordance with Proclamation No: 84/94 and Commercial Code of Ethiopia has marked a shift in ownership as the company based its roots in a larger number of shareholders than any other Bank has had during the time and has become a pioneer for the Banks that came later. 3,739 shareholders have subscribed a capital of Birr 432.5 million and have had an initial paid-up capital of Birr 108.2 million; Lion International Bank commenced operation on 6th January 2007 with three branches. During the financial year 2019/20, the bank was able to increase the number of Hello cash agents to 2,868, and to raise the number of customers' to 1,162,695. The bank has now integrated the core banking system (CBS) with the hello cash service, Internet and mobile banking. By the end of the financial year, 428,000 customers have successfully linked their regular account to Hello cash. In addition, 108,008 ATM cards has been issued. With distinguished services, tailored to support the needs and wants of stakeholders at community and individual level, small businesses, medium and big investments; based on sound feasibility study, Lion has opened 33 new branches across the country, raising the total number of branches to 262. As far as card banking is concerned, a total value of Birr 652.2 million transactions was processed. The bank has been diligently working to exceed the expectation of customers and enhance their convenience by deploying technology based multi –channel banking (mobile Banking, ATM Card banking, internet banking).

1.2. Statement of the problem

Today's banking industry is changing rapidly. With the development of international economy and competitive markets, banks are also affected (Gilaninia and et al, 2011). Among banks at the global level, relationship marketing is taken into consideration as the ideal way to create and maintain long-term relationships with customers; because deliverable services in commercial banks is relatively same and for most banks, to differentiate services towards competition is difficult. So many of the world's banks are oriented the use of relationship marketing approach and implementation of its foundations (So and Spece, 2000). However, in today's world customers have more awareness and choice of various products and services due to modern and sophisticated channels of communication like internet than ever before. Hence due to increased customer awareness, customers are more demanding, and those banks having strong relationships with their customers have strong competitive advantage in terms of increasing profitability, market share, customer retention and attracting new and potential customers over other banks. However, in a competitive market place, customers are easily lost through in different services Oracle, 2002. Customers are becoming stable to please, they are smarter, more price sensitive, more challenging, less sympathetic, and they are approached by many more competitors with equal or better offers Kotler, 2007.

To build an activity related to relationship marketing, where experts have differences on the dimensions used in building a relationship. Sin et al. (2005), considered relationship marketing as one-dimensional structure with six key factors. Trust, Bonding, Relationship, shared value, Empathy and reciprocity. Magasi (2016) considered trust, commitment and satisfaction as antecedents of relationship marketing. Constructs of relationship marketing selected by Van Tonderand Petzer (2018) were customer satisfaction, trust, commitment and perceived value. Bataineh et al.(2015) used five dimensions to measure relationship marketing: communication, cooperation ,and dependence on the seller, expertise of the seller and comparison of alternatives .Hakim and Hakim(2017) adopted four factors from Ndubisi (2007) to measure relationship marketing: trust, commitment, communication and conflict management.

Thus, the researcher identifies six dimensions of RM practices including customer satisfaction (which is most of the researchers not include as part of RMPs but it is obvious that satisfaction is a

prerequisite for loyalty) and intends to investigate the impact of those RM practices namely; Trust, Commitment, Communication, Empathy, Conflict Handling and customer satisfaction dimensions from customers' perspective and their effect on customers' loyalty by considering Lion International Bank as a case company.

1.3. Research Questions

With reference to the above statements the study intends to investigate and answer the following research questions.

- How customer trusts affect customer loyalty in Lion International Bank S.C.?
- Does commitment affect customer loyalty in Lion International Bank S.C.?
- How communications affect customer loyalty in Lion International Bank S.C.?
- Does empathy affect customer loyalty in Lion International Bank S.C.?
- What is the impact of Conflict Handling Practices on customer loyalty of LIB?
- What is the impact of Customer Satisfaction Practices on customer loyalty of LIB?

1.4. Objectives of the Study

1.4.1. General objective

The general objective of the study is to assess the impact of relationship marketing practices on customer loyalty of LIB, Addis Ababa.

1.4.2. Specific Objectives

- To investigate the effect of customer Trust on customer loyalty.
- To examine the effect of Commitment practices on customer loyalty.
- To determine the effect of Communication on customer loyalty.
- To study the effect of Empathy on customer loyalty.
- To investigate the effect of Conflict Handling practices on customer loyalty.
- To assess the effect of Customer Satisfaction on customer loyalty.

1.5. Significance of the Study

The study has a significant importance in strengthening the existing knowledge and understanding of RM practices and customer loyalty by examining and empirically testing the relationship between RM and customer loyalty for the case of Lion International Bank (LIB). The study also

provided some insight or recommendations to LIB to evaluate and improve their RM practice based on the study findings. Finally, the study can serve as an additional reference to other researchers who are interested in the area of RM and customer loyalty.

1.6. Scope of the Study

The study has thematic, spatial and temporal scope. The thematic scope of the study is delimited to assessing the effect of relationship marketing practices on customer loyalty of Lion international bank in Addis Ababa city. Thus, it was focused on assessment of the impact of relationship marketing practices on customer loyalty of Lion international bank on the customer side, which is on the International trade service customers, credit borrowers, depositors and ordinary branch customers. Spatially the study was conducted in Addis Ababa City, Arada, Yeka, Raguel and Gofa Branch Banks. The temporal scope of the study was acquired all the available data since October 2, 2006.

In examining the effect of customer relationship marketing on customer loyalty, different studies use various components of relationship marketing. However, in this study, the effect of relationship marketing on loyalty is measured using trust, commitment, communication, empathy, conflict handling and Customer Satisfaction. Because of the broader nature of the research, the study was limited to customers of four branches of Lion International bank in Addis Ababa city. Addis Ababa city is selected for the study area because customers are assumed to be better source for the investigation since they are more knowledgeable and demanding.

The target group of the population is taken from customers of the selected branch and the sample size was determined by using formula.

1.7. Limitation of the study

While these results are valuable, the limitation of this study must also be considered. Potential limitations of this research are not considering the responses of the other tier (branches) of bank members, only taking the customer loyalty as the performance measures, and not considering the other contextual factors i.e. type of industry.

1.8. Definition of Basic Terms

Relationship marketing: is a philosophy of doing business, a strategic orientation that focuses on keeping and improving current customers rather than on acquiring new customers (Zeithaml and Bitner, 2003).

Trust: is partners' confidence in an exchange partners reliability and integrity (Morgan and Hunt, 1994).

Commitment: is an enduring desire to maintain a valued relationship (Morgan and Hunt, 1994).

Communication: is the amount, frequency, and quality of information shared between exchange parties (Palmatier, 2008).

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

Conflict: is the overall level of disagreement between exchange partners (Palmatier, 2008).

Satisfaction: An overall evaluation based on the total purchase and consumption experience with a good or service over time. (July 2011African Journal of Business Management 5(13)

Customer loyalty: is a buyer's overall attachment or deep commitment to a product, service, brand, or organization (Oliver, 1999).

1.9 Organization of The paper

This research paper is organized in to five chapters. The first chapter addresses background of the study, statement of the problem, objectives of the study, significance of the study and scope of the study. The second chapter deals with the review of related literature where theoretical and empirical evidences are explored from different publications in the area of customer relationship marketing. The third chapter presented the research design and methodology which focused on the type of research, target population, sample size, sampling techniques, sources and instruments of data collection, procedures of data collection and finally method of data analysis. The fourth chapter discuss about the results and discussion concerning with the summarization and interpretation of the research findings. Finally in chapter five, summary of findings, conclusions, recommendations of the study are presented.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

This part of the study provides theoretical Literature review, empirical Literature review, and Conceptual/Theoretical framework collected from different sources and specific to concepts or ideas of Relationship marketing practices and customer loyalty.

2.1. Theoretical Literature Review

2.1.1. Concept and Definitions of Relationship Marketing

The concept of Relationship marketing is defined by many authors in different ways. Relationship marketing is the process whereby the buyer and provider establish effective, efficient, ethical, and kinship relationships that are mutually beneficial. Relationship marketing refers to customer retention, development of relation, and making more attractive the relationship with customers. In fact, it involves understanding and managing the relationship between the customer and provider Richards and Jones, (2014). According to Doaei, Rezaei, and Khajei, (2011) Relationship marketing is defined as an attempt to maintain customers and strengthen relationships with them and to understand and manage the relationship between the customer and the supplier. Afchangi, Hadavi, and Elahi, (2013) also, defined relationship marketing as a process to identify, create, maintain, strengthen and, if necessary, terminate the relationship with customers and other stakeholders in a relationship in a bilateral benefit.

Relationship marketing has been defined as a concept applied by organizations in order to enhance customer related outcomes such as customer attraction, customer interaction, customer loyalty and customer retention (Husnain and Akhtar, 2015). Definitions of relationship management reported in Rasul (2016) characterized this concept as activities managed by the organization to achieve three major objectives; to establish, maintain and improve relationships with customers. A similar definition of relationship marketing provided by Hakim and Hakim (2017) described it as the establishment of an advantageous relationship between the organization and its customers or partners. Gummesson as cited in Fyall et al., (2003) defined relationship marketing as a strategy used by an organization to achieve customer retention. In the current study, relationship marketing was operational as a double-edge strategy aimed at developing relationships with customers to ensure customer retention. Dimensions of relationship marketing found in the literature include trust, commitment, communication and conflict handling (Husnain and Akhtar, 2015).

Hougaard et al. (2002) also defined relationship marketing as a behavior of the firm to establish and maintain a profitable relationship with their customers for the benefit of both parties. Wulf et al. (2001) explained that different results of satisfaction and loyalty may come with different duration of relationship. Relationship marketing is an exit from traditional transaction behavior to developing the customers as partners (Bowen et al., 2003). Relationship marketing seeks to build trust and establish relationships with customers, so that it can create loyalty and attract new customers. Relationship marketing is a long-term approach and its primary goal is to provide value to the customer in the long run and long term customer satisfaction is the measure of success (Ranjbarian and Barari, 2009); because customer satisfaction leads to customer loyalty. Relationship marketing has dimensions that each of these aspects can contribute to creating customer satisfaction and loyalty.

In general, as Lopiyoadi (2001) stated that the Relationship marketing emphasizes on business attract and retain customers through an increase in the company's relationship with its customers. While Chan (2003) states that, Relationship marketing is an introduction to each customer more closely to create two-way communication with managing a mutually beneficial relationship between the customer and the company. Similar views were expressed by Loverlock (2005) that, Relationship marketing is an activity that is intended to foster long-term relationships with cost-efficient between the company and its customers for mutual benefit of both parties. Begins some sense it obtained a description that, Relationship marketing created to develop loyalty and commitment customer to the company's products or services. Thus, Relationship marketing can achieve by creating strong and lasting relationships with a core group of customers Schiffman, (2000). According to Zeithaml and Bitner (2003) that, the main purpose of Relationship marketing is to build and maintain customer who is committed and profitable for the company and at the same time minimizing the time and effort spent on less profitable customers.

2.1.2. Evolution of RM and its Application

Relationship marketing is now days a part of corporate strategy because to retain a customer with the company for a long time or even more requires lot of efforts. For a long time, marketing focused on acquiring customers instead of attempting to retain them. Traditional marketing approach does not encapsulate the essence of ongoing or relational exchange. Eventually, consumers' needs and

expectations have changed. To notice to various customers and also their needs, organizations want to apply differentiation and customer-oriented marketing strategies for achieving competitive advantage. Transactional based marketing that focus only on the selling of the product and only devoting effort to attract new customers shifted to interactive marketing that focus on the establishment of sustainable and long term customer relation.(Turkamani et al. 2010).

Relationship marketing concept was developed as an effective strategy to attract, maintain and enhance customer relationships (Roberts et al., 2003). Sheth and Parvatiyar, (2000) indicated that relationship marketing emerged in the 1980s as an alternative to the prevailing view of marketing, because it was recognized that many exchanges, particularly in the service industry, were relational by nature. They add that in the first half of the 1990s the development of marketing changed from transaction marketing to relationship marketing. Concerned parties (sellers and buyers) understood and appreciated each other’s needs and constraints much better, and they change their trends for the favor of cooperation with one another, so, they become more relationship oriented.

Table 2.1: Paradigm Shift in Marketing to Arriving at Relationship Marketing

Year	Evolution of marketing to arriving at relationship marketing
1960’s	Direct mail becomes an increasingly part of marketing mix. Many new direct mail associations were born to provide mail order and direct mail to customers.
1970’s	Direct response advertising is used in order to create sales leads. It used direct mail, Tele-marketing and one to one marketing techniques for better interaction.
Late1970’s	Direct marketing was done in order to blend the above two transactional techniques.
Early 1980’s	Database marketing -at this phase marketers began to use computer technology for information gathering and systematic processing of such data for making the activity directed to satisfy customers.
Late 1980’s	One to one marketing -Marketers began to use more affordable technology to communicate with customers’ individually.
Early 1990’s	Loyalty Marketing -here marketers realized that by keeping the faith or trust they could retain they are existing customers and extend their life as a customer
Late 1990’s	Relationship Marketing - it help marketer to recognized that a person was a customer, they were not necessarily loyal. It shows a transitory relationship among them.

Source: The essence of Service Marketing

Now industries are planning to initiate the relationship marketing programs specially to maintain relationship with the parties with whom they trading or supplying. Effective relationship marketing program provides better results in terms of increased customer base, sales and profitability.

2.1.3. Components of Relationship Marketing

To build an activity related to relationship marketing, where experts have differences on the dimensions used in building a relationship. Hollensen (2003) states that there are several key dimensions in building a relationship that is: bonding, trust, empathy and reciprocal. (a) The bond is part of a relationship where both parties to form a unity to achieve the goal; (b) Trust is a faith in which each party will keep its promise and will not harm the other party; (c) Empathy is dimensions of a business relationship that allows both parties to see the situation from the point of view of the opponent, which can be interpreted as an attempt to understand the desires and wishes of a person; (d) Reciprocal is where both sides give something beneficial both.

According Ndubisi (2007) that there are several factors that are used to measure the relationship marketing include; commitment, trust, communication, conflict management. (a) Trust is an important part in relationships with customers. Ndubisi (2007) states that, trust can be built in a way to keep promises to customers, provide security on each transaction made, providing quality service, showing concern for the customer and provide a sense of security; (b) Commitment is a belief among stakeholders who want the relationship is continuous, and is considered essential to maintain the relationship. Commitment can be obtained by making the customer a top priority, long-term and based on a mutually beneficial relationship; (c) Communication is a very important tool when you want to build a relationship with someone. Communication is a tool for the adhesive connection between the company and customers so communication has a vital role in relationships; (d) Conflict management is a specific action when interacting with customers (Ball, 2004).

Sin et al. (2005), considered relationship marketing as one-dimensional structure with six key factors. Trust, Bonding, Relationship, shared value, Empathy and reciprocity. Magasi (2016) considered trust, commitment and satisfaction as antecedents of relationship marketing. Constructs of relationship marketing selected by Van Tonder and Petzer (2018) were customer satisfaction, trust, commitment and perceived value. Bataineh et al. (2015) used five dimensions to measure relationship marketing: communication, cooperation, and dependence on the seller, expertise of the seller and comparison of alternatives. Hakim and Hakim (2017) adopted four factors from Ndubisi (2007) to measure relationship marketing: trust, commitment, communication and conflict management.

Table 2.2: Summary of Dimensions of Relationship Marketing in Literature

Authors (years)	Dimension	Definition
Gounaris (2005)	Commitment	The desire for continuity manifested by the willingness to invest resources into a relationship
Vatanasombut et al. (2008)	Communication	The formal as well as informal sharing of meaningful and timely information between firms
Danaher et al. (2008)	Customization	The extent to which a seller uses knowledge about a buyer to tailor his offerings to the buyer
Sin et al. (2005)	Empathy	Seeking to understand the desires and goals of somebody else
Barry et al. (2008)	Satisfaction	An overall evaluation based on the total purchase and consumption experience with a good or service over time
Palmatier, (2008)	Conflict	The overall level of disagreement in the working partnership
Green (2009)	Trust	A willingness to rely on an exchange partner in whom one has confidence

The concept of relationship marketing that is used in the study is based on the literature reviewed above and it includes: trust, commitment, communication, and conflict management and Customer satisfaction. The sixth components are described as follows.

2.1.3.1. Trust

Customer trust can be defined as a set of beliefs held by an online consumer concerning certain characteristics of the e-supplier, as well as the possible behavior of the supplier in the future Coulter and Coulter (2003). Trust is an important indicator of relationship quality (Muafi, 2016; 2015). Only when a person trusts the trustee will he/she be likely to perceive that there is a high quality relationship between the trustee and him/her. A relationship that lacks trust is unlikely to be perceived as of high quality. It is also important to note that trust is difficult to foster, can be shaken easily, and once shaken, is extremely difficult to rebuild (Shneiderman, 2000; Muafi, 2016; 2015). Patrick (2002) viewed customer trust as thoughts, feelings, emotions, or behaviors manifested when customers feel that a provider can be relied upon to act in their best interest when they give up direct control.

Trust is a human attribute assessed by one's traits (Chu, 2009), behavior and motives Tian et al., (2008). Liang et al. (2008) called it the ability to sacrifice one's own interest for others. The level of trust achieved between partners is an important criterion facilitating evaluation of relationship strength (Ndubisi 2004). Trust mediates satisfaction-commitment link Ulaga and Eggert (2004). In addition, trust reduces the apprehended by customers risk emerged from transactions and is the

main variable towards successful relationship Boersma, Buckley and Ghauri (2003). On the one hand, establishment of trust and proximity feeling in interpersonal relationships can improve general relationship quality (Wong and Sohal 2002).

2.1.3.2. Commitment

Commitment defined as the enduring desire to maintain a valued relationship Palmatier et al., (2006), customer commitment is one of the most commonly studied key determinants in relationship marketing studies (Hsieh and Kai, 2008). Ndubisi et al. (2007) stated that the commitment of the company can be addressed with a continuous learning by providing customer needs and service equality to increase customer satisfaction, which in turn will bring the company to the creation of a close relationship with its customers.

Commitment emerges as relationship develops gradually and the parties may be committed because of different reasons (Venetis and Ghauri 2004). Morgan et al. (2000) consider commitment one of the two most important factors (another factor is trust) determining relationship lasting and approach it as the synonym of customer loyalty. Communication in relationship marketing refers to the competence to give appropriate information reliably and timely. Communication is measured by factors such as giving reliable information, providing information when a problem occurs, revealing information about quality assurance, giving procedural information to the customers, and opportunity to customer's feedback, this is consistent with the indicators used in Ndubisi et al. (2007).

2.1.3.3. Conflict Handling

Conflict handling is defined as cooperative action to minimize the negative result of the involvement of significant potential (Ndubisi and Wah, 2005). Conflict handling is measured by factors such as seller's competence to avoid conflict, to resolve the real conflict before they create problem and competence to openly discuss solution when the problem emerged, this is in accordance to the indicators used in the study conducted Ndubisi et al., (2007). The solving of the conflict reflects the ability of sellers to avoid potential conflicts, resolve apparent conflicts before they create problems and the ability to openly discuss solutions when problems arise. Ball, (2004) states that conflict management is a special action when interacting with customers. Between the company and customers are interdependent and can lead to conflict between the two. To avoid the conflict between the company and customers need to create a mutually supportive relationship with

one another. Conflict can be a serious problem within the company and the possibility of potentially degrade performance if the conflict is allowed to drag on. Conflict management is a specific action when interacting with customers. Customers will maintain loyalty to the company that can deal with the problem by customers (Ndubisi, 2007).

2.3.1.4. Communication

Communication is all formal and informal exchanges that make meaningful and timely information exchange between buyer and seller (Ranjbarian and Barari, 2009). Communication is a very important tool when you want to build relationships with their customers or business partners, and also can be a tool for the adhesive connection between the company and customers so communication has a vital role in relationships. Communication has a meaning as the ability to provide timely and accurate information. Communication is an interactive dialogue between the company and its competitors which includes the pre-sale, sale, consumption and phase after consumption (Ndubisi, 2007). In Relationship marketing, communication is often overlooked. This is unfortunate, because all the other elements are experienced through communication. Communication, especially timely communication, strengthens trust by helping to resolve disputes and expectations (Rashid, 2003).

The success of a communication can be affected by several things, including the clarity of ideas to be conveyed, perceived similarity between the sender and receiver of information, lack of distortion, and the appropriate communication channels. The communication process also affects the success of the relationship between the company and its customers. Communication in a Relationship marketing related to the value obtained by the customer, providing the right information, and trustworthy as well as information regarding the change in services offered and proactive communication when problems occur between companies and customers (Ndubisi, 2007). If Relationship marketing is to succeed it must include all the messages contained in marketing communications. It is necessary to create, maintain and expand relationships with customers (Grönroos, 2004). Communication is the process of moving the understanding in the form of ideas or information from one person to another (Handoko, 2003: 272). While Shimp (2003: 4) states that communication is a process where thinking and understanding conveyed between individuals or between organizations and individuals. Communication is an activity undertaken to maintain relationships with customers through the availability of timely and accurate

information, provide information if there is a new service, create and fulfill the services requested by the customer as well as the information provided is always accurate.

2.1.3.5. Empathy

This relationship marketing component allows each of the sides to examine the situation from the perspective of the other side. In fact, empathy is to understand the needs and goals of the other side of the relationship. Empathy enables the two parties to see the situation from the other's perspective (Wang, 2007). Empathy is characterized by looking expressions of the people face 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 (Ndubisi, 2004). It gives the ability to share and understand another person's state of mind or behavior. To strengthen Relations between the sides in the transaction, empathy is a necessary issue (Sin et al., 2005).

2.1.3.6. Satisfaction

Marketers are paying too much attention to satisfaction of the customer. Sugandini (2002), states that customer satisfaction and service quality are prerequisites of customer loyalty. Satisfaction can be described as an evaluation of the perceived discrepancy between prior expectation and the actual performance of the product. Customer satisfaction is important because satisfied customers are less likely to switch to a competitor (Kotler, 2002). According to Doyle (2002), a highly satisfied customer will exhibit the following characteristics: (1) stays in loyal longer, (2) buys more, (3) talks favorably about the company, (4) pays less attention to competing brands and advertising, and (5) the company will cost less to serve than new customers. Mouri (2005) ascertains that experience which satisfies the need and desire of customer may increase the possibility of long term relationship. A customer requires different satisfaction level at different stages of relationship (Spath et al., 2007).

In general, Satisfaction is the emotional state that occurs as a result of a customers' overall evaluation of interaction experiences with a service firm over time (Verhoef, 2003). Specifically, relationship satisfaction is customers' affective state toward a relationship (Palmatier et al., 2006). Lovelock and Weirz (2011) posit that successful relationship are built on mutually satisfying exchanges in which exchange partners gain value from the transaction. Customer satisfaction has been found to be linked to customer loyalty. (Negi and Eyob, 2013; Kim et al., 2004). High level of customer satisfaction heightens customer loyalty and prevents customers from defecting (Kim et al., 2004).

2.1.4. Customer Loyalty

In the literature, the framework for customer loyalty has been discussed from an attitudinal, behavioral or an integrative approach (Kim et al., 2004). While customer loyalty can be defined as a deeply held commitment to continue with the patronage of a preferred product, service or service provider consistently in the future even in the face of marketing efforts capable of causing defection and situational influences. Customer loyalty represents a commitment to do business with the organization, with the purchase of goods and services repeatedly, and recommend services and products to your friends and groups (McIlroy and Barnett, 2000). Yim, David and Chan (2008), defined customer loyalty as a highly deep commitment to keep on purchasing a product or service in the future regardless of the fact that there are situational factors and marketing efforts, which have been potential to create switching behavior. Prior studies confirm that service companies have received incredible benefits of loyal customers (Bagherzad, Chavosh, and Hosseinikhah, 2011). Hayes (2008) argues that customer is the only source of a profitable growth, and customer loyalty may contribute in it. Chu (2009) explains loyalty as a commitment to a certain product for repeat purchase. There is a difference between the purchase rate of loyal and non loyal customers Bowen et al., (2003). Tseng, (2007) argues that loyal consumers are very important and valuable assets for a firm. It is up to the company to retain these customers for a long term relationship.

Customer loyalty has two dimensions. One is attitudinal and other one is behavioral Aydin et al., (2005). Attitudinal loyalty is related to preference, recommendation and purchase intentions of the customers. Behavioral is related purchase share and frequency. On the other hand, behavioral loyalty examines customer's pattern of past purchases. Singh and Sirdeshmukh (2000) favoring the behavioral approach conceptualize loyalty as a behavioral intention to maintain an ongoing relationship with a service provider. Typically, loyal customers are willing to pay a premium for a service or product and more understanding to service failure. However, customers' loyalty can also be due to high switching barriers or lack of real alternatives or lock-ins.

2.2. Empirical Review

2.2.1. The Impact of RMPs on Customer Loyalty

Romero et al. (2014) in a study investigate the effect of relationship on their customer loyalty and purchase. In this study, relationship marketing aspects included: Customer satisfaction, customer commitment and customer trust. The data collected in this study was a questionnaire and 434 questionnaires were distributed among customers. The results of this study showed that the customer experience, satisfaction, commitment and trust plays an important role build customer loyalty and improve and enhance the company's intention to buy their products. Romero et al. (2014) in a study titled Evaluation of relationship marketing on customer loyalty concluded that there is a significant relationship between relationship marketing and customer loyalty. And communication links, including financial benefits and social and structural factors empower the relationship and increase customer loyalty.

Khabiri (2014) examined the factors affecting the consumer partnership in the word-of mouth communication. The results showed that four variables, namely trust, commitment, communication, and competence had a significant effect on the quality of the relationship and the quality of relationship had a significant positive effect on the word-of-mouth communication among the club's customers. Mohammadi et al. (2013) indicated that customer satisfaction is the most influencing factor. Besides, the role of the quality of relationship, customer expectations, image of organization, perceived quality, relationship marketing, perceived value, and loyalty were demonstrated to have positive and significant impact on word-of-mouth communication. In addition, the benefits of confidence, social benefits, and special treatment benefits had positive impact. Ndubisi and Wah (2005) also found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived relationship quality. Organizations that encourage disappointed customers to complain and empower employees to remedy the situation on the spot have been shown to achieve higher revenues and greater profits (Kotler and Keller, 2006: 419 - 420).

Raza and Rehman (2012) found all relationship marketing tactics to be absolutely interrelated with relationship quality and customer loyalty. It is very essential for the organizations to have a long

term cost-effective relationship in order to attain the maximum level of customer loyalty, and it can be done by ensuring high level of relationship quality while interacting with the customers. Hence, the research of Alrubaiee and Al-Nazer (2010) assessed the impact of various demographic variables in association with relationship marketing on customer loyalty. Factor analysis was done to pull out the fundamental factors of relationship marketing and then various regression analyses was performed to clarify dyadic relationship between relationship marketing and customer loyalty and to measure the impact of demographic variables on relationship marketing – customer loyalty relationship.

Accordingly, the study of Chakiso (2015) suggests that businesses who want to retain and develop customer loyalty must gain the trust of customers since trust is essential in customer loyalty. On the other hand, just like trust, commitment is constantly used in the majority of customer relationship studies and discuss that this dimension is essential in building long-term relationships between customer and an important indicator of relationship performance (Abdullah and Kanyan, 2013). In addition, one of the essential elements of service marketing is communication (Husnain and Akhtar, 2015). Thus, the study of Wright (2011), define communication as an important element in relationship marketing since it can create shared values that could build trust, as well as, customer loyalty. Moreover, the study of Malhotra (2014), same as trust, conflict management has also demonstrated positive effects on loyalty (Gilaninia et al., 2011). Thus, an efficient conflict management directs in to customer satisfaction that will eventually turn into customer loyalty Beverland et al., (2010).

The study of Husnain and Akhtar (2015) has been confirmed that the measurements of underpinnings of relationship marketing (i.e. trust, commitment, communication, and conflict handling) can forecast customer loyalty. Accordingly, the study furthermore discusses the relationship of trust, commitment, communication, and conflict handling to customer loyalty. Whereas, in terms of commitment, it is stated that commitment is significant to customer loyalty since an affective commitment leads to loyalty, thus the researchers suggests that in order to increase customer commitment, the company must ensure that customers are safe and sound, and that there is a minimal risk that awaits. The researchers also continue discussing by stating that communication influenced customer loyalty by means of giving useful, precise, accurate information and, providing guidance to the customers, since employees are expected to have a wide

knowledge about the business. On the other hand, the researchers also state the importance of cooperation of commitment and trust in the success of relationship marketing. Thus, the researchers further added that without commitment, conflict may arise due to the lack of trust. Conflict can be destructive or constructive, for instance, if conflict arise, and the situation is handled properly and resolve in an unbiased manner before it creates a problem, then customer loyalty will boost in (Malhotra, 2014).

Seyyedeh et al. (2011) have investigated on relationship between relationship marketing and customer loyalty case study on Pasargadae 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 352 of these bank customers which have been selected through the simple random sampling method. To gather the data, the study used questionnaires with 37 items. Questionnaires reliability was 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.

2.3. Conceptual Framework

The conceptual framework shown in Figure 2.1 is developed based on the literature review and used (Hunt et al., 2006) as a source.

Relationship marketing dimensions measure the extent to which a company engages in developing a long term relationship with its customers. Various literatures revealed a number of dimensions that could influence relationship marketing towards loyalty of customers.

Based on combination of models presented in previous studies such as Ndubisi (2007) and Sin et al. (2002), this study propose to test the effects of Six customer relationship marketing dimensions (Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction) on customers loyalty in the banking sector in Ethiopia.

The conceptual framework would illustrate the linkage between Relationship Marketing practices and customer Loyalty.

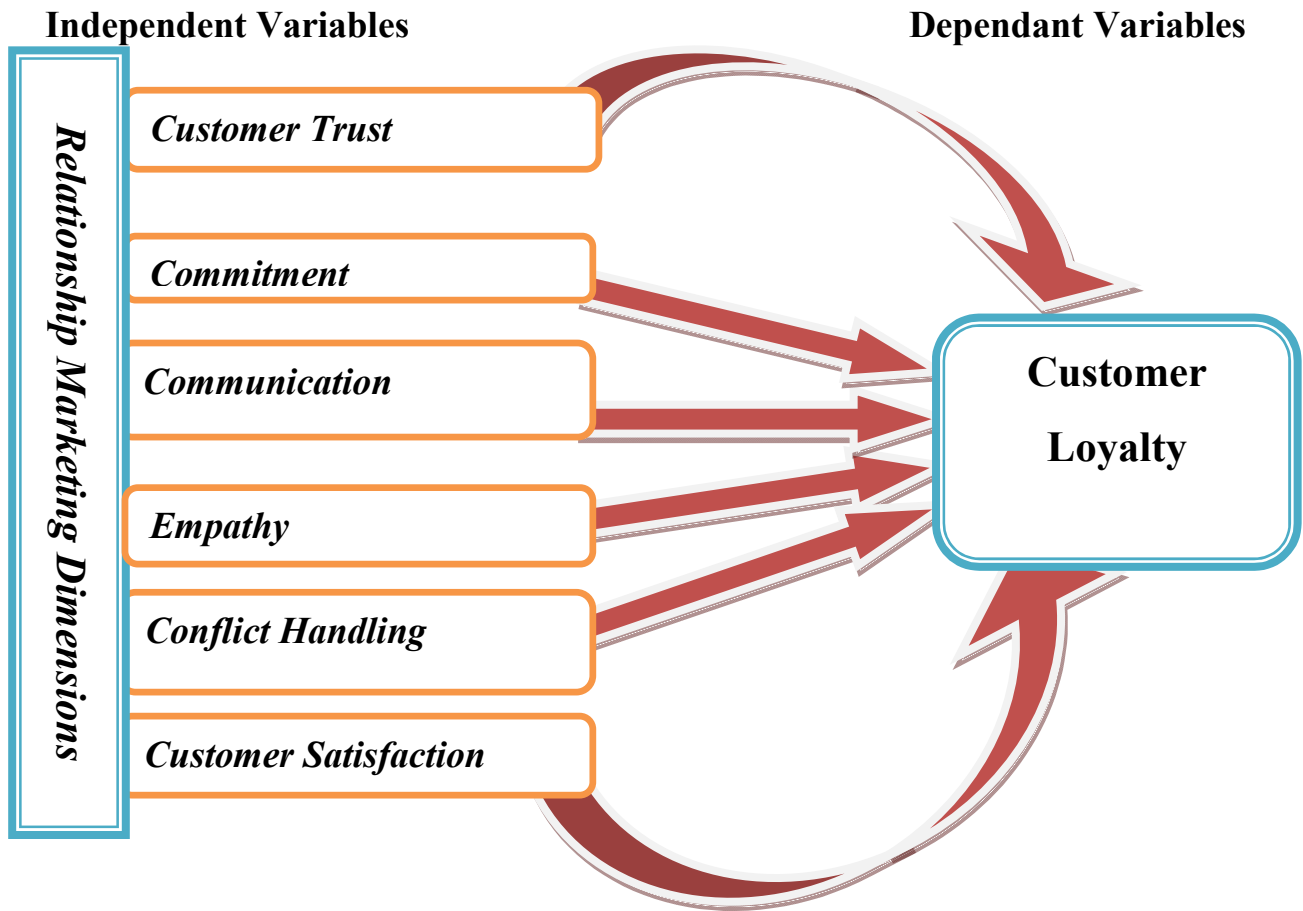


Figure 2. 1 Shows the relationship between independent and dependent variables

Source: (Hunt et al., 2006)

2.4. Research Hypothesis

H1: Trust has a significant and positive effect on Customers loyalty.

H2: Commitment has a significant and positive effect on Customers loyalty.

H3: Communication has a significant and positive effect on Customers loyalty.

H4: Empathy has a significant and positive effect on Customers loyalty.

H5: Conflict handling has a significant and positive effect on Customers loyalty.

H6: Customer Satisfaction has a significant and positive effect on Customers loyalty.

CHAPTER THREE

3. RESEARCH METHODOLOGY

This part of the study consists of research design, Research Approach, data type and source, Target population, sample size and sampling techniques, sample size determination, Method of data collection, methods of data analysis, and reliability and validity of the study.

3.1. Research Design

The main focus of the research was to assess the effect of relationship marketing practices on customer loyalty of Lion international bank, based on this, the study adopted descriptive and explanatory research design. Explanatory studies and descriptive survey designs allow the researcher for the gathering of information, summarize, present and interpret it for the purpose of clarification (Creswell, (2003). Besides, the researcher also believes this is a good way of approaching the research as it enabled the researcher to assess the impact of relationship marketing practices on customer loyalty through interviewing, focus group discussion and questioners with the Customers. It was undergoing in four branches of Addis Ababa city as a case study research strategy. Case study design was appropriate for the investigation of case when it is necessary to understand parts of a case within the context of the whole (De Vaus, 2001). The case study allows retaining the holistic and meaningful characteristics of real life events (Yin, 1994).

3.2. Research Approach

Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of an attribute. Abiy et al.,(2009). Creswell (1994) define quantitative research as a type of research that is explaining phenomena by collecting numerical data that are analyzed using mathematically based methods. Quantitative research is a study that makes use of statistical analysis to obtain findings. Its key features include systematic and formal measurement of phenomena and the use of statistics. Geoffrey and David (2005). Since this research used systematic collection and measurement of data as well as application of statistical tools to obtain the findings, it is a quantitative research.

Besides, as mentioned above the researcher also used a descriptive methodological approach which uses to describe the qualitative information obtained. Qualitative research approach is aimed at gaining a deep understanding of a specific organization or event, rather than surface description of a large sample of a population. It aims to provide an explicit rendering of the structure, order, and broad patterns found among a group of participants.

3.3. Data Type and Sources

The focus of this study was to assess the impact of relationship marketing practices on customer loyalty of Lion international bank, based on this, primary data was used in order to collect first-hand information to come up with the objective of the research. Secondary sources were also used so as to consolidate for the first-hand information. Structured questioners were used to collect data from the customers of the four branches of LIB in Addis Ababa and these were the primary data sources. Besides, In-depth interviews and focus group discussions also used to get more accurate information.

3.4. Target Population

The target population of the study was the customers of Lion international Bank in Addis Ababa, which was categorized based on their business relationship with the specific branch. Particularly, the customers of Arada, Yeka, Raguel and Gofa Branch. There are 84 Branches of Lion International Bank S.C. in Addis Ababa. Based on the similarities of relationship marketing practices on customer loyalty of the banks, and as it is difficult to include all branch banks in the study, the customers of four of them were selected based on the number of customers and seniority of the banks.

3.5. Sample Size and Sampling Technique

In total, the researcher had 510 potential customers from the selected four branches based on their business relation with the bank in general and the branch in particular which categorized, as credit borrowers only, International traders and credit borrowers, International traders only and depositors and ordinary branch customers. From the 510 eligible informants the researcher takes 125 sample sizes. A structured questioner was distributed for 106 respondents in stratified random sampling.

In addition, from the sample size the researcher was selected 7 eligible informants using purposive snowball sampling method for interview participants from the customers of International traders and credit borrowers, at Yeka branch of LIB. Moreover, the researcher was also choose 12 eligible informants using purposive sampling technique for focused group discussion participants at two groups, with 6 participants at each group from the International traders only at Ragurl Branch who have deep knowledge and experience on the study issue.

3.6. Sample size Determination

Malhortra and Peterson (2006) and Zikmund (2003) stated that, the larger the sampling size of a research, the more accurate the data generated. However, due to time and the nature of the population, sample determination method developed by (J Carvalho, 1984), "Archival application of mathematical sampling techniques", (1984). (Quoted by national Archive report Richmond, 2005) were preferred to be used by researcher as a method to determine a sample size.

Table 3.1: Sample Respondents by Stratum

Population size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10,000	80	200	315
10001-35000	125	315	500
35,001-150,000	200	200	800

Source: (J Carvalho, 1984) as quoted by (national Archive report Richmond, 2005)

The total numbers of customers in selected LIB branch were around 510. Thus, from total key (potential) customers 125 was considered as sample size of the study based on Carvalho, 1984 sample, through considering the homogeneity of sample respondents. A total of 125 sample respondents may be considered as sample size of the study based on Carvalho, 1984 sampling techniques.

Table 3.2 Sample Size for each Selected LIB Branch Customer by Proportionate

Branch Name	No. of potential customers in each branch (e)	Percentile of each population to the total population (P=e/N*100)	Proportionate Sample to the total sample size (s=p*n)
Arada Branch of LIB (credit borrowers only)	160	32%	40
Yeka Branch of LIB (International traders and credit borrowers)	140	27%	34
Raguel Branch of LIB (International traders only)	120	23%	29
Gofa Branch of LIB (depositors and ordinary branch customers)	90	18%	22
Total (N)	510	100.0%	125

Note: Branch banks will selected on their establishment year (who achieved greater than 10 years) and based on number of potential customers they have.

Percentile formula

$$p = \frac{e}{N} * 100$$

Where: e = no of population in each branch
 N= total number of population
 n=total sample size
 p = percentile
 s=proportionate sample size

Proportionate sampling formula

$$s = p * n$$

3.7. Methods of data collection

Data collection methods help to fulfill the specific requirements for the research (Bryman and Bell, 2005). In this study, the researcher gathered the primary data using the under mentioned three methods of data collection from the selected sample size.

3.7.1. In-depth Interviews

The researcher used in-depth interview with open ended questions to collect data from the participants. This technique allowed a face-to-face discussion. Such discussions provided a chance to have a deeper understanding on one’s perceptions, experiences, opinions and beliefs. This also offered a conducive environment for the researcher to investigate the interviewee’s personal experiences about the topic. As such, in-depth interview were employed using a technique of purposive snowball sampling for the customers. From customers of Yeka Branch whose business relation with the branch is mainly on Credit Borewer and international trade.7 well informed participants have been selected and asked about the issue under discussion. Each interview sessions took 45-60 minutes and each interviewee had the right to choose a place for the interview.

3.7.2. Focus Group Discussions (FGD)

Focus group discussion was also used in this research in order to gather a wide range of issues to understand the feelings and attitudes of the customers on the specified issue, the focus group discussion composes a group of 6 members at two sessions with a total of 12 participants from different sex, professions and other demographic factors. They were selected purposively on the basis of educational background and Knowledge on the issue, each focus group discussion session took 40-50 minutes. The focus group was encouraging free exchange of ideas, opinions among the participants. The role of the researcher was to act as a facilitator, raise questions to know the feeling of the participants and attempt to encourage all members of the group to express their opinions freely.

3.7.3. Structured Questionnaire

Even though the above two mentioned methods of primary data collection were used by the researcher to investigate the reality with regard to the issue, the researcher was also used for the most part, structured questioners by stratified randomly selected 106 respondents from the sample size. Furthermore, since the feedback received from the above two methods of data collection was the same, the researcher take in to consideration and aligned the feedback with the result of the structured questioner on the presentation, analysis and discussion part.

3.8. Method of Data Analysis

Descriptive analytical technique was used with the aid of Statistical Package for Social Sciences (SPSS) version 25. Data processing and analysis is an important part of the whole survey operation in any study. Data collected was analyzed using both descriptive and inferential analysis. Descriptive statistics may used mainly to organize and summarize the demographic data of the respondent; correlation coefficients were used to show the relationship between components of customer relationship marketing and customer loyalty in the banks and multiple regression analysis also carried out to measure the impact of customer relationship marketing on customer loyalty in the bank. According to Kothari, (2004), multiple regression analysis is adopted when the researcher has one dependent variable which is presumed to be a function of two or more independent variables.

3.9. Reliability and Validity

3.9.1 Assessing Reliability

Reliability has to do with the accuracy and precision of a measurement procedure (A measuring instrument) is reliable if it provides consistent results. Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2005). Thus, to achieve the reliability of the data collection instrument, each and every item was tested using a pilot study and based on the results of the pilot test attempts were made to review the strength and weakness of items of the instrument. As multiple items in all constructs were used, the internal consistency/reliabilities of RM Practices and customer loyalty were assessed with Cronbachs Alpha and the reliability values for all constructs are confirmed as greater than 0.7, which are considered ideal (Pallant 2005). Then, the data obtained from the Cronbach alpha test to the items of the data collecting instrument is given in Table 3.4 below

Table 3.3 Reliability of Constructs

Construct	Variables	Cronbach's Alpha Result	Number of items
RM Practices	Customer Trust	0.872	8
	Commitment	0.710	7
	Communication	0.807	9
	Empathy	0.799	4
	Conflict Handling	0.873	6
	Customer Satisfaction	0.926	6
Customer Loyalty		0.911	9
Total			49

The reliability values for all constructs are confirmed as greater than 0.7, which are considered ideal (Pallant 2005).

3.9.2. Test of Validity

Validity refers to the extent to which questions in an instrument accurately measure the variables therein (Hair et al., 2003). Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Malhotra (2010) mentioned about three types of validity in his study: content validity, predictive validity, and construct validity. The questionnaire was subjected to experts for face validity and for theoretical content validity tests.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION

As discussed in previous chapters, this chapter presents the data analysis and interpretation part of the research. The study attempted to examine the Impact of relationship marketing Practices on Customer loyalty of Lion International Bank S.C. Therefore, the questionnaire were developed in five scales ranging from five to one; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 Disagree, and 1 Strongly disagrees. In order to assess the relationship between relationship marketing practice and Customer loyalty, Correlation and regression analysis were conducted for scale typed questionnaire. The collected data were presented and analyzed using SPSS version 25 statistical software. The study used correlation analysis, specifically correlation apply to measure the degree of association between different variables under consideration. Regression Analysis was used to test the impact of independent variable on dependent variable. More ever, the researcher also used as a mechanism to gather additional information through In-depth interviews of 7 eligible informants and Focus Group Discussions by selecting 12 eligible informants grouping 6 at each in two groups from the sample size of 125. Hence, all the feedback, the researcher gather from these were align to the feedback collected from the structured questioner stated below.

4.1 Response Rate

A total of 106 questionnaires were distributed to potential customers. And the total questionnaires distributed i.e 106 (100%) questionnaire were obtained and identified as valid and used for analysis. Based on these, the response rate is 100%.

Table 4. 1 Description of response rate

No	Name of the Firm	No. of Questionnaire Distributed	No. of Questionnaire Collected	Response Rate
1	Arada (Credit Borrowers)	40	40	100%
2	Yeka (Credit Borrower and International Trade)	27	27	100%
3	Raguel (International Trader)	17	17	100%
4	Gofa (Ordinary customer and depositor)	22	22	100%
Total		106	106	

Source: Researcher's Survey data, (2019)

4.2 Demographic Characteristics of Response Rate

The demographic profile of the sample respondents were presented and analyzed below. The purpose of assessing respondents' age is used to determine whether the researcher considered heterogeneity of sample units. On the other hand assessing the work experience and education level of the respondents' is that, when the respondents are more experienced and educated they have better opportunity to understand the case and give better response than else.

Table 4.2 Respondents' frequency distribution of Age

		Frequency	Percent
Valid	20-25 years	21	19.8
	26-30 years	37	34.9
	31-35 years	20	18.8
	36-40 years	15	14.2
	Above 40 years	13	12.3
	Total	106	100

Source: Researcher's Survey data, (2019)

As it is shown in the table 4.2, the researcher divided the age of the respondents in to five categories, starting from 20- 25 years of age to above 40. Therefore respondent's age from 26 up to 30 years covers 34.9%, age of 31 up to 35 covers 18.8%, age of 36 up to 40 are 14.2%, and above 40 are 12.3% of respondents. Therefore, 85 respondents (80%) of respondents were between age of 26 and 40, this indicates that respondents were matured to understand the question and accordingly respond.

Table 4.3. Respondents' frequency distribution of Educational Qualification

		Frequency	Percent
Valid	College Diploma	17	16
	First Degree	71	67
	MA/MSC/MBA or Above	18	17
	Total	106	100

Source: Researcher's Survey data, (2019)

As shown in the above table 71 respondents (67%) have 1st degrees, 18 respondents (17%) have 2nd Degree (MA/MSC/MBA or above), 17 respondents (16%) are Diploma holders. From the educational background of respondents, 89 respondents (84%) are 1st and 2nd degree holders. According to the response, the respondents provide relevant and reliable information needed for the study and they are fit in line with the response of the questionnaire.

Table 4. 4.Respondents’ frequency distribution of Business relation year with the bank

		Frequency	Percent
Valid	less than 2 years	16	15.1
	2-5 years	47	44.3
	6-10 years	30	28.3
	10 years and above	13	12.3
	Total	106	100.0

Source: Researcher’s Survey data, (2019)

According to Table 4.4 above, From the total respondents, 16 respondents (15.1%) fall at a customer year of less than 2 years, 47 respondents (44.3 %) fall at a customer year level of 2-5 years, 30 respondents (28.3%) are with 6-10 customer year and the rest 13 respondents (12.3%) were at a customer year of 10 years and above. From this it can be concluded that the majority of respondents, 90 respondents (84.9%) fall at a customer of the bank for above two years. This implies that most of the respondents have sufficient knowledge and familiarity about the firm and the subject matter of the study.

4.3 Analysis of Collected Data

4.3.1 Descriptive Analysis

The research questionnaire designed using 5 point Likert scale to collect appropriate responses, in relation to this the respondents indicated the extent they agree with the statements by choosing: 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree and 1-Strongly Disagree. A mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed and a mean above 4.50 means the respondents strongly agreed. Based on the response of the respondents Mean computed on the following tables.

4.3.2 Independent Variables (RMPs)

4.3.2.1 Trust

Trust indicates that each person of relationship, to what extent can considered other person promise and is defined as the willingness to trust and reliance to audience Wong and Shoal,(2002). In this study trust variable is measured by factors such as bank security in transactions, bank service quality and staff behavior towards clients.

Table 4.5 Descriptive Statistics on Trust

Item no and code	Statements/Questions	N	Mean	Std. Deviation
CT1	Policies and practices are trustworthy	106	3.76	0.750
CT2	Frontline employees have willingness to help customers	106	3.79	0.836
CT3	Customers feel secured in all of their transactions	106	3.90	0.646
CT4	Customers are confident on the financial status of the bank	106	3.83	0.577
CT5	Staffs respond to customers in constructive and caring	106	3.51	0.759
CT6	Is consistent in providing quality service	106	3.52	0.746
CT7	Makes an effort to find out what the customer needs	106	3.78	0.569
CT8	Staff are competent in handling customer concerns	106	3.76	0.711
Valid N (list wise)		106		

Source: Researcher's Survey data, (2019)

According to the data in the Table 4.5 all respondents state their agreement to all Trust dimensions with the mean score of greater than 3.5. This shows that LION INTERNATIONAL BANK S.C. established clear and trust worthy policies and practices, staffs competence and behavior to handle customer concerns, customers feeling and their confidence about the bank status and their transaction, the bank practices to find out what a customer need and wants are and service quality and its consistence, all Trust variable dimensions are practiced well in LIB. Therefore, the overall result of the survey indicates that most of the respondents agreed as LIB effective and trusted by its customers. Hence, the overall result also implies that customer trust maintains Loyal Customer.

4.3.2.2 Commitment

Commitment is intention to continue or maintain a relationship with the other party (Rashid, 2003). In this study commitment is measured to compatible and consistent of bank services with customer needs and bank flexibility towards the customer and change services, reliability promises of bank and the bank commitment to customers.

Table 4.6 Descriptive Statistics on Commitment

Item No. and Code	Statements/Questions	N	Mean	Std. Deviation
CO1	commits time and resources to meet CRM goal	106	3.87	0.570
CO2	Commitment to achieve customer loyalty is a policy	106	3.68	0.775
CO3	Staff strongly value customers and processes	106	3.85	0.673
CO4	makes adjustments to meet customers' needs	106	3.86	0.696
CO5	very committed to continue relationship	106	3.67	0.801
CO6	staff have commitment towards customers' needs	106	3.61	0.879
CO7	always provides personalized services for its key customers	106	3.86	0.833
Valid N (list wise)		106		

Source: Researcher's Survey data, (2019)

Table 4.6 shows, all Commitment practice variables mean are higher than the middle value 3. Observing the mean value of greater than 3.5, highest number of respondents has agreed on the LIB commits time and resources to meet CRM goal with a mean S.D value of (Mean= 3.87, S.D = 0.570), LIB is flexible towards its customer and makes adjustments to meet customers' needs with a mean S.D value of (Mean= 3.86, S.D = 0.696). And also highest number of respondents has agreed on as LIB always provides personalized services for its key customers with the mean value of (Mean= 3.86, S.D = 0.833). Using the overall variables of Commitment practices, the findings have showed us LIB has good Commitment practices and work with its customer closely. Hence, having a good commitment practice could help to maintain a loyal customer.

4.3.2.3 Communication

Communication is all formal and informal exchanges that make meaningful and timely information exchange between buyer and seller (Ranjbarian and Barari, 2009). In this study Communication is measured with factors such as timely and reliable information, providing information on new services and promises and accuracy in information.

Table 4.7 Descriptive Statistics on Communication

Item No. and code	Statements/Questions	N	Mean	Std. Deviation
COM1	provides accurate and reliable information for its customers	106	3.87	0.937
COM2	provides timely information for its customers	106	3.37	1.054
COM3	uses customers information to improve its products/ services	106	3.75	0.924
COM4	periodically remind clients about their personalized services	106	4.07	0.759
COM5	periodically send email and newsletter to its clients	106	3.77	0.897
COM6	work with individual key customer through regular contacts	106	3.83	0.951
COM7	customers freely express opinions to the staff	106	3.94	0.688
COM8	provided electronic-information to its customer	106	3.48	0.831
COM9	Relationships are managed effectively and supported by mgt	106	3.75	0.895
Valid N (list wise)		106		

Source: Researcher's Survey data, (2019)

With respect to the data in the Table 4.7, approximately 77.77% of the mean score is above 3.5 which are considered as high level performance and the remaining 22.33% of the mean score is below 3.5 which are considered low level of performance. Therefore, according to the data in the table above we can understand that, LIB provides accurate and reliable information for its customers and in turn uses their feedback and information to improve and redesign its services/products, LIB periodically call its clients to remind them on their personalized services, Through regular contacts, work with individual key customer to customize its offerings and to inform about services provided and new products periodically send email and newsletter to its clients. From customer side they freely express opinions to the staff of LIB. This indicates that relationships and interactions with customers well managed and supported by top managements in LIB. In spite of this, concerning the rest two Communication practices, data from respondents showed that they were on neutral state with the mean score of less than 3.5. Therefore, the result of the data analysis shows that LIB should improve its Communication practices to overall improvement of its Communication practices in order to help and maintain a loyal customer.

4.3.2.4 Empathy

Empathy is to understand the needs and goals of the other side of the relationship. Empathy enables the two parties to see the situation from the other's perspective (Wang, 2007). In this study Empathy is measured with factors such as honestly considering, giving individual attention to customers and trying to understand them and staff competence and willingness to help.

Table 4. 8: Descriptive statistics on Empathy

Item No. and Code	Statements/Questions	N	Mean	Std. Deviation
EM1	All customers are sincerely entertain by employees	106	3.81	0.782
EM2	gives individual attention to customers and tries to understand	106	3.73	0.684
EM3	Staffs have the knowledge to answer customer's questions.	106	3.58	0.715
EM4	employees are always willing to help customers	106	3.63	0.637
Valid N (list wise)		106		

Source: Researcher's Survey data, (2019)

According to the data in the Table 4.8 all respondents state their agreement to all Empathy dimensions with the mean score of greater than 3.5. This shows that as LIB believes that the overall its business life depends on its customers. Thus, it gives individual attention to its customers and tries to understand their Feelings. Therefore, staffs and executive have the knowledge to answer customer's questions and accordingly are always willing to help and treat their customers sincerely. The overall result of the survey indicates that most of the respondents agreed as LIB has a good working culture that keep and treat (understand) its customer as a valuable asset.

4.3.2.5 Conflict Handling

Conflict handling is defined as cooperative supplier in minimizing negative results from significant potential involvement (Ndobisi and Wah, 2005). In this study conflict handling is measured with factors such as to avoid conflict, trying to solve problems before they occur, the ability to solve problems in time and their response time for complaints.

Table 4.9: Descriptive statistics on Conflict handling

Item No. and Code	Statements/Questions	N	Mean	Std. Deviation
CH1	Has a procedure of handling customer's complaints within the shortest possible time.	106	3.85	0.644
CH2	Tries to avoid potential conflicts.	106	3.74	0.652
CH3	Tries to solve noticeable conflicts before it create Problems.	106	3.71	0.647
CH4	openly discuss on solutions when problem arise	106	3.48	0.605
CH5	Customer complaints are easily and immediately handled	106	3.61	0.595
CH6	Collects feedback on its response towards customers' complaint.	106	3.75	0.570
Valid N (list wise)		106		

Source: Researcher's Survey data, (2019)

As it is indicated on Table 4.9, The highest mean value is observed for as LIB Has a procedure of handling customer's complaints within the shortest possible time with a mean value of (mean=3.85 with S.D=0.644) and Collects feedback on its response towards customers' complaint with the mean value of (mean=3.75)and standard deviation of (S.D=0.570) and LIB Tries to avoid potential conflicts with the mean value of (mean=3.74)and standard deviation of (S.D=0.652), Tries to solve noticeable conflicts before it create Problems with a mean value of (mean=3.71 with S.D=0.647) and Customer complaints are easily and immediately handled with a mean value of (mean=3.61 with S.D=0.595). However, the rest mean results indicate neutral with the lowest mean value such as, customers openly discuss on solutions when problem arise with (mean= 3.48 and S.D=0.605).

This indicates that LIB has to provide open discussion method for customers and has to work on building customers confidence and listen for them. Therefore, the company has to work with the observed gaps.

4.3.2.6 Customer Satisfaction

Satisfaction is the emotional state that occurs as a result of a customers' overall evaluation of interaction experiences with a service firm over time (Verhoef, 2003). Specifically, relationship satisfaction is customers' affective state toward a relationship (Palmatier et al., 2006).In this study customer satisfaction is measured with factors such as front line service provided, response time to make happy customers, respect and convenience in working time.

Table 4. 10: Descriptive Statistics on Customer Satisfaction

Item No. and code	Statements/Questions	N	Mean	Std. Deviation
CS1	customers are always happy with the front-line staff services	106	3.87	0.731
CS2	customers are happy with the bank response time	106	3.85	0.701
CS3	uses customer satisfaction surveys for understanding customer	106	3.60	0.764
CS4	Customers are treated with respect	106	3.68	0.578
CS5	staffs give follow up to customer requests well in time	106	3.67	0.628
CS6	has convenient working time that make customers happy	106	3.84	0.554
Valid N (list wise)		106		

Source: Researcher’s Survey data, (2019)

Table 4.10 shows that, on the average all variables mean is higher than 3.5 which indicates majority of respondents agreed on customer satisfaction practices of the company. The mean ranged from the highest 3.87 for customers’ happiness with the front-line staff services provided to the lowest 3.60 for LIB uses customer satisfaction surveys for understanding customer. Therefore, most of the respondents agreed that customer satisfaction practices of LIB are good.

4.3.3 Dependent Variable (CL)

4.3.3.1 Customer Loyalty

Loyalty is considered as a deep commitment to repurchasing preferred product or service (Heskett, 2011; Gómez et al, 2006) and it leads to the frequency of purchase of a certain brand or a certain set of known brands (McMullan and Gilmore, 2012). Loyal customers increase business value and reduce the business costs to attract new customers (Dick and Kunal, 2013). Customer loyalty causes people to share good experiences with others and to attract new customers. Behavioral response to loyalty (buying) can be carried out by a unit of decision with regard to a set of different brands (McMullan, and Gilmore, 2012).In this study customer loyalty is measured with factors such as stimulates(attraction) of service provided for loyalty, Customers positive word of mouth witnesses and encouraging their friends, reward for loyal customers and etc. In order to collect respondents perception towards the Customer Loyalty of LIB nine questions provided and the result of the findings are provided in the table below.

Table 4. 11: Descriptive Statistics on Customer Loyalty

Item No. and Code	Statements/Questions	N	Mean	Std. Deviation
CL1	encourage my friends and relatives to use the services offered	106	3.86	0.668
CL2	Stimulated to buy the service provide repeatedly.	106	4.02	0.585
CL3	Confidently giving positive word of mouth witnesses to other.	106	3.93	0.734
CL4	assess the level of repeat purchase	106	3.82	0.741
CL5	Reward loyal customers	106	3.80	0.624
CL6	Customer retention issues are discussed by staff at meetings	106	4.00	0.704
CL7	Have managed to increase its profitability because of loyal customers as a result of its it relationship policy	106	3.87	0.691
CL8	Have loyal customers as a result of having policies and practices that make customer trust the bank	106	3.96	0.631
CL9	Have loyal customers as a result of having consistent services for all customers	106	3.87	0.705
Valid N (list wise)		106		

Source: Researcher’s Survey data, (2019)

According to the survey result in Table 4.11, on the average all variables mean is greater than 3.5 which indicates majority of respondents agreed on customer loyalty performance of the LIB. Therefore, most of the respondents agreed that customer loyalty practices of the LIB are good. Therefore, to achieve marketing performance LIB must have to satisfy their customer and retain or attract them to be loyal customers by providing superior services, being responsive for customers and providing convenient services and products or being convenience for their customers.

4.3.4 Summary of Descriptive Analysis on Independent Variables and Dependant variables

The research questionnaire designed using 5 point Likert scale to collect appropriate responses, in relation to this the respondents indicated the extent they agree with the statements by choosing: 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree and 1-Strongly Disagree. Based on the response of the respondents Mean computed on the above tables. A mean (M) score of 0 - 1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed and a mean above 4.50 means the respondents strongly agreed. Based on the response of the respondents Mean computed Most of the

respondents agreed on the company's RMPs and CL with the mean value of greater than 3.5
 Except

- From Communication Variable: provides timely information for its customers
- From Communication Variable: provided electronic-information to its customer
- From Conflict Handling Variable: open discussion on solutions when problem arise with customers with the mean value of less than 3.5.

Therefore in order to improve overall practices or performance the LIB has to improve those practices which have lower than the middle value of the mean.

4.4. Inferential Statistics for RM Practices and CL

4.4.1. Correlation Analysis

Correlations are the measure of the linear relationship between two variables. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship. The sign of a correlation coefficient describes the type of relationship between the variables being correlated. A positive correlation coefficient indicates that there is a positive linear relationship between the variables: as one variable increases in value, so does the other.

According to (Andy, 2006) the value and sign of the coefficient shows the strength of the association.

Table 4. 12: Correlation coefficient

Strength of association	Coefficient (r)	
	Positive	Negative
Small	0.1 - 0.3	-0.1 to -0.3
Medium	0.3 – 0.5	-0.3 to -0.5
Strong	0.5 – 1.0	-0.5 to -1.00

4.4.1.1. The correlation between six construct of RM practices and CL

Table 4. 13 Correlation matrix between constructs of RM practices and CL

		CT	CO	COM	EM	CH	CS	CL
Customer Trust	Pearson Correlation	1	.326**	.429**	.236*	.189	.280**	.533**
	Sig. (2-tailed)		.001	.000	.015	.052	.004	.000
Commitment	Pearson Correlation	.326**	1	.396**	.208*	.144	.401**	.557**
	Sig. (2-tailed)	.001		.000	.032	.142	.000	.000
Communication	Pearson Correlation	.429**	.396**	1	.224*	.310**	.520**	.606**
	Sig. (2-tailed)	.000	.000		.021	.001	.000	.000
Empathy	Pearson Correlation	.236*	.208*	.224*	1	.138	.302**	.408**
	Sig. (2-tailed)	.015	.032	.021		.160	.002	.000
Conflict Handling	Pearson Correlation	.189	.144	.310**	.138	1	.382**	.437**
	Sig. (2-tailed)	.052	.142	.001	.160		.000	.000
Customer Satisfaction	Pearson Correlation	.280**	.401**	.520**	.302**	.382**	1	.582**
	Sig. (2-tailed)	.004	.000	.000	.002	.000		.000
Customer Loyalty	Pearson Correlation	.533**	.557**	.606**	.408**	.437**	.582**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								
c. List wise N=106								

Source: Researcher's Survey data, (2019)

The correlation table revealed that there was a positive significant relationship between Customer Trust, Commitment, Communication, Empathy, Conflict Handling, Customer Satisfaction and Customer Loyalty (0.533**, p<0.001) (0.577**p<0.001), (0.606**,p<0.001) (0.408**,p<0.001), (0.437**,p<0.001), (0.582**,p<0.001) respectively. This implies that the six independent variables have the potential to influence customer loyalty of LIB. Hence, LIB should give a due attention on these six customer relationship practice in order to maintain a loyal customer.

4.4.2. Regression Analysis

The collected data from the key customers of LIB were used to make the inferential analysis of the study. Multiple regression analysis is the method for analyzing the collective relationship of two or more independent variables on a dependent variable (Kanom, 2011). The researcher conducted a multiple regression analysis so as to test their relationship among independent variables and dependent variable and also to know how much the independent variable explains the dependent

variable. The regression was conducted between Relationship Marketing practices (independent variable) and Customer Loyalty (dependent variable). The results of the regression analysis are presented as follows:

4.4.2.1. Multi-co linearity Test

In multiple regression model, before making a regression analysis it is important to test the multi co linearity test. The multi- co linearity test is a test to identify a strong correlation between two or more predictors in a regression model (Multi-co linearity is used to determine whether there is similarity of independent variable with the other independent variables in the regression model or not). This assumption can be assessed by examining tolerance and the variance inflation factor (VIF). VIF values well below 10 and the tolerance statistics well above 0.2 can safely to conclude that there is no co linearity within the data (Field, 2009). A small tolerance value indicates that the variable under consideration is almost a perfect linear combination of the independent variables already in the equation and that it should not be added to the regression equation. A good regression model must not have a strong correlation among its independent variables or must not have a multi-co linearity problem and that the value of variance inflation factor (VIF) must have a value between 1 and 10 and the tolerance level should be more than 0.2 (SPSS Inc., 2017) . The result of Multi co linearity test is shown in the below table:

Table 4. 14 : Multi Co Linearity Test of Independent Variables

Model		Co linearity Statistics	
		Tolerance	VIF
1	Customer Trust	.770	1.299
	Commitment	.761	1.313
	Communication	.614	1.629
	Empathy	.880	1.136
	Conflict Handling	.833	1.201
	Customer Satisfaction	.611	1.637
a. <i>Dependent Variable: Customer Loyalty</i>			

Source: Researcher’s Survey data, (2019)

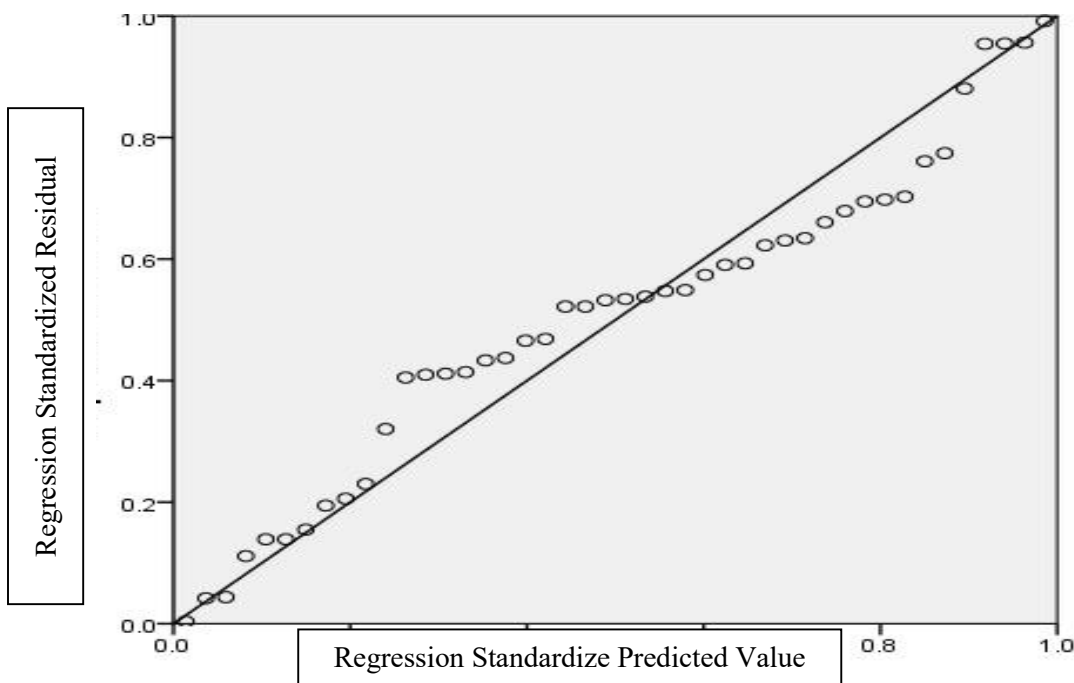
The result in table 4.14 show that the co linearity between independent variables has no series problem since the value of tolerance for all independent variable is greater than 0.1 and all VIF is less than ten (VIF<10) (Pallant 2005).From the above table hence, we can conclude that there is no co linearity within the data of the study.

4.4.2.2. Homoscedasticity

Homoscedasticity is an assumption in regression analysis that the residuals at each level of the predictor variables have similar variances. That is, at each point along any predictor variable, the spread of residuals should be fairly constant. For a basic analysis the researcher first plot Y-axis against X-axis on SPSS because this plot is useful to determine whether the assumptions of random errors and homoscedasticity have been met. The graph of Y and X should look like a random array of dots evenly dispersed around zero. If this graph funnels out, then the chances are that there is heteroscedasticity in the data. If there is any sort of curve in this graph, then the chances are that the data have broken the assumption of linearity.

Figure 4.1 Scatter Plot

Normal Plot Regression Standardized Residual
Dependent Variable: Customer Loyalty



4.4.2.3. Model Summary

A multiple regression model R-squared is determined by pair wise correlations among all the variables, including correlations of the independent variables with each other as well as with the dependent variable. The multiple correlation coefficients (R) are a measure of the strength of the relationship between customer loyalty and the six construct variables relationship marketing

practices i.e. (Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction). Large values of the multiple R represent a large correlation between the predicted and observed values of the outcome.

Table 4. 15: Regression Model between RM Practices and Customer Loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.810 ^a	.656	.636	.11632
<i>a. Predictors: (Constant), Customer Satisfaction, Customer Trust, Empathy, Conflict Handling, Commitment, Communication</i>				

Source: Researcher’s Survey data, (2019)

As shown in the table 4.15, there is causal relationship between RM Practices and Customer Loyalty. R represents the correlation between the observed values and the predicted values of dependent values and the value of R produced by the regression procedure range from 0 to 1. The larger the value of R indicates that there is strong relationship between the observed and predicted values. Consequently, for this particular case the R value is 0.810 which indicates that there is a strong relationship.

From the table above, R square or Adjusted R Square shows the relationship between all the independent variables’ portion of contribution for dependent variable. In Multiple regressions, the percentage had shown by Adjusted R-square. In this case coefficient of determination was found to be 0.636 indicating that RM practices account (contributed) for 63.6% of the variability in customer loyalty. This suggests that 36.4% of the variation is not explained by relationship marketing practices on this particular study.

4.4.2.4. F- Test and T -Test

F- Test or simultaneous test was applied to check whether all the independent variable simultaneously influenced the dependent variable. The requirement is P-value or the significant of the variables must be less than 0.05. Furthermore, T- Test is used to test whether each independent variable influenced the dependent variable. The requirement is also that the significance in Coefficient, (see Table 4.16 below) is must less than 0.05.

Table 4.16 ANOVA Result between Constructs of RMPs and Customer Loyalty

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.559	6	.426	31.518	.000 ^b
	Residual	1.340	99	.014		
	Total	3.898	105			

a. *Dependent Variable: Customer Loyalty*

b. *Predictors: (Constant), Customer Satisfaction, Customer Trust, Empathy, Conflict Handling, Commitment, Communication*

Source: Researcher's Survey data, (2019)

Table 4.16 shows the ANOVA results of the multiple regression analysis. The significance value of 0.000 indicates that the regression relationship is significant in predicting the impact of the six constructs of the independent variables (Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction) on customer loyalty of the firm. Hence, this means that each independent variable had strongly influenced the dependent variable.

4.4.2.5. Coefficients of Regression Analysis

In order to know which of the predictors' (constructs) i.e. Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction has contributed significantly to our understanding of customer loyalty, the following table shows Coefficients when we explore each predictor's beta (i.e., standardized regression coefficient) and its level of significance.

In this section, Coefficients of Regression Analysis conducted in the light of each research objectives. The relationship between relationship marketing practices and customer loyalty was investigated using Coefficients of Regression Analysis. This provided Regression Coefficients which indicated the strength, level of influence (impact) and direction of relationship based on their significance level which must be less than 0.05 marginal errors or 95% confidence level in order to accept the prediction.

Table 4.17 Regression Coefficients between RMPs and Customer Loyalty

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.481	.512		-4.848	.000
	Customer Trust	.293	.086	.229	3.411	.001
	Commitment	.353	.090	.264	3.913	.000
	Communication	.319	.112	.213	2.834	.006
	Empathy	.216	.079	.172	2.735	.007
	Conflict Handling	.345	.111	.201	3.110	.002
	Customer Satisfaction	.184	.080	.172	2.283	.025

a. Dependent Variable: Customer Loyalty

Source: Researcher’s Survey data, (2019)

Based on Table 4.17, standardized coefficients β -value and p-value for Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction on Customer Loyalty were ($\beta= 0.229$ $t=3.411$ at $p=0.001$), ($\beta= 0.264$ $t=3.913$ at $p=0.000$), ($\beta= 0.213$ $t=2.834$ at $p=0.006$), ($\beta= 0.172$ $t=2.735$ at $p=0.007$), ($\beta= 0.201$ $t=3.110$ at $p=0.002$), ($\beta= 0.172$, $t=2.283$ at $p=0.025$), respectively; these values show that relationship marketing practices has positive and significant influences on customer loyalty. Since the p-value value of all RM variables was less than level of coefficient 0.05 (significant at 95% confidence level).

Therefore the regression model can be written as:

$$\hat{Y} = 2.481 + 0.293X_1 + 0.353X_2 + 0.319X_3 + 0.216X_4 + 0.345X_5 + 0.184X_6 + 0.05$$

4.4.2.6. Result of Coefficients of Regression Analysis

➤ Relationship between Trust and Customer Loyalty

Based on generated data on the above table, Trust has a positively and significantly influence the customer loyalty, where the t- statistic value was calculated to be 3.411 at p value < 0.05 . The value of the coefficient of Trust was also found to be 0.229 which means that, keeping other things constant, a unit change in Trust cause 22.9% increase in customer loyalty.

➤ **Relationship between Commitment and Customer Loyalty**

The coefficient of Commitment was 0.264, which means a unit change in this variable increases customer loyalty by 26.4%, keeping other variables constant. The t-statistic value of Commitment was 2.683 significant at p value < 0.05 , which makes Commitment and customer loyalty has positive and statistically significant relationship.

➤ **Relationship between Communication and Customer Loyalty**

The result in table 4.17 shows, Communication practice has a positively and significantly influence the customer loyalty, where the t- statistic value was calculated to be 2.834 at p value < 0.05 . The value of the coefficient of customer integration practice was also found to be 0.213 which means that, keeping other things constant, a unit change in Communication practice cause 21.3% increase in customer loyalty.

➤ **Relationship between Empathy and Customer Loyalty**

The coefficient of Empathy was 0.172, which means a unit change in this variable increases customer loyalty by 17.2%, keeping other variables constant. The t-statistic value of Empathy was 2.735 significant at p value < 0.05 , which makes Empathy and customer loyalty has positive and statistically significant relationship.

➤ **Relationship between Conflict Handling and Customer Loyalty**

From the given table 4.17, the coefficient of Conflict Handling was 0.201, which means a unit change in this variable increases customer loyalty by 20.1%, keeping other variables constant. The t-statistic value of Empathy was 3.110 significant at p value < 0.05 , which makes Conflict Handling practice and customer loyalty has positive and statistically significant relationship.

➤ **Relationship between Customer Satisfaction and Customer Loyalty**

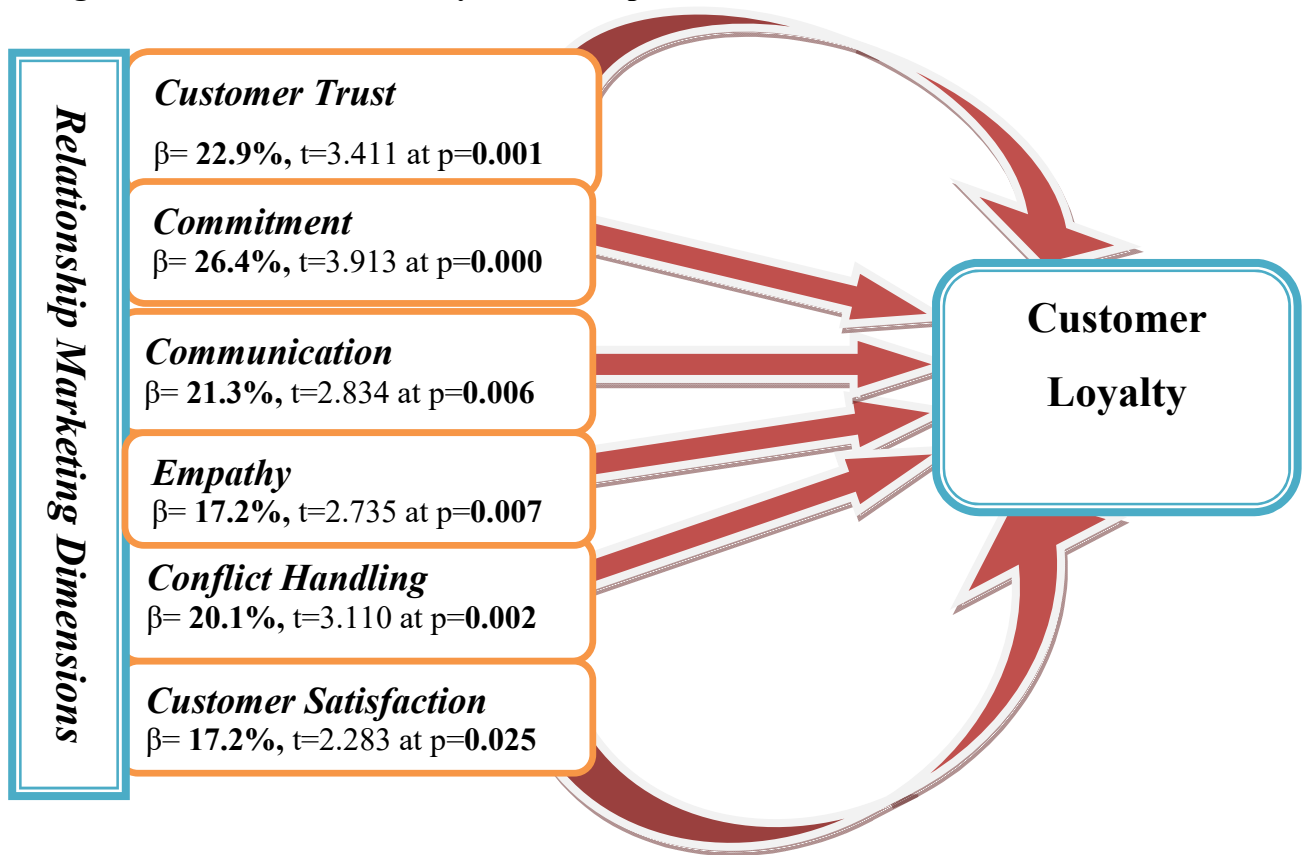
It is also found that Customer Satisfaction has a positively and significantly influence on customer loyalty, where the t- statistic value was calculated to be 2.283 are significant at p value < 0.05 . The value of the coefficient of Customer Satisfaction was also found to be 0.172 which means that, keeping other things constant, a unit change Customer Satisfaction causes 17.2% increase in customer loyalty. Therefore, the result of this finding is consistent with Seyyedeh et al. (2011) who found that a positive relationship between trust, commitment, communication, conflict management

and competence as independent variable and customer loyalty as dependent variable. And also consistence with the finding of Khabiri (2014) who examined and found that four variables namely trust, commitment, communication, and competence had a significant effect. Sivadas and Dwyer (2000) identified trust as one of the key factors that consistently influence success of relationship marketing.

4.4.2.7. Research Framework (Model) Summery

The survey result indicates that there is a strong, positive and significant relationship between independent variables of RM practices and Customer Loyalty.

Figure 4. 2 Shows the summery relationship of the selected variables



Source: Researcher's Survey data, (2019)

Therefore, as it is indicated on the above figure, by improving the Relationship Marketing practices i.e. Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction, the Customer Loyalty of the company could significantly and positively improved.

The result of this finding is consistent with Romero et al. (2014) who found that significant relationship between relationship marketing and customer loyalty. Mohammadi et al. (2013) who indicated that customer satisfaction is the most influencing factor. And also the finding is consistent with Raza and Rehman (2012) who found that all relationship marketing tactics to be absolutely interrelated with relationship quality and customer loyalty. Ndubisi and Wah (2005) also found a significant relationship between conflict handling and customer loyalty

After interview and a group discussion has been made with customers of Yeka Branch whose business relation with the branch was mainly on Credit Borewer and international trade and customers of Raguel Branch whose business relation with the branch was mainly on international trade on the relationship marketing and customer loyalty questions, the following exceptional points are generalized.

1. They noticed that relationship marketing activities have the power to make customers loyal. Some of the procedures of relationship marketing that the bank uses are suggestion box, customer handling log, identifying customers and face-to-face discussion, collecting data and providing lastly solution.
2. The bank is rated as fair in relationship marketing activities. There is no much work on it. With regard to customers' response for their complaints, solution is not given on time. In relation to the communication and conflict handling. Moreover, customer not received information timely through electronic information and not discussed some conflicts by the top management timely.
3. Absence of follow up is the major weakness of the bank as it is indicated by the customer. In order to improve the banks services, the bank need to continue strongly, hiring committed employees, and assign responsible body for relationship marketing is important.

4.5.2.8 Hypotheses Test Results

H1: Trust has a significant and positive effect on Customers loyalty.

As can be seen from result of the regression result, the relationship between trust and customer Loyalty is positive and significant ($\beta=3.411$, $\rho=0.05$). The β value of Trust variable shows that a one unit increases in trust will increase customer loyalty by 22.9 percent. The ρ value is less than 0.05 so H1 is accepted.

H2: Commitment has a significant and positive effect on Customers loyalty.

Relationship between commitment and Customer Loyalty is positive and significant ($\beta=0.264$, $\rho<0.05$) means one unit increase in commitment then customer loyalty will be increased by 26.4 percent which support H2.

H3: Empathy has a significant and positive effect on Customers loyalty.

The effect of Empathy on customer loyalty was found insignificant as per the regression analysis result in which Beta value is 0.172 with sig. value 0.05. This automatically accepts the hypothesis.

H4: Communication has a significant and positive effect on Customers loyalty.

The regression result of communication with customer loyalty showed that insignificant level of effect at $\beta=0.213$ and sig. value 0.05 indicating the acceptance of the fourth hypothesis.

H5: Conflict handling has a significant and positive effect on Customers loyalty.

As per the finding, H5 is accepted since conflict Handling has a positive and significant effect on customer loyalty which indicate that, as trust increases or decreases by 1%, customer retention Increases or decreases at the time by 20.1% controlling sig. value of 0.05.

H6: Customer Satisfaction has a significant and positive effect on Customers loyalty.

As per the finding, H6 is accepted since Customer Satisfaction has a positive and significant effect on customer loyalty which indicate that, as trust increases or decreases by 1%, customer retention Increases or decreases at the time by 17.2% controlling sig. value of 0.05.

The below table summarize result of hypothesis tests.

Table 4.18 Hypothesis Test Result

Hypothesis	Result	Reason
H1:Trust has a Significant positive effect on customer loyalty in LIB	Supported	$\beta =3.411,P=0.05$
H2:Commitment has a Significant positive effect on customer loyalty in LIB	Supported	$\beta =.264,P=0.05$
H3: Empathy has a Significant positive effect on customer loyalty in LIB	Supported	$\beta =.172, P=0.05$
H4: Communication has a Significant positive effect on customer loyalty in LIB	Supported	$\beta =.213,P=0.05$
H5: Conflict handling has a Significant positive effect on customer loyalty in LIB	Supported	$\beta =3.110,P=0.05$

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary of findings which are organized as the research objective, conclusions that are drawn from the findings and recommendations based on the findings

5.1. Summary of Major Findings

The present study investigated the effect of relationship marketing on customer loyalty of Lion International Bank S.C. Addis Ababa using six relationship marketing practice namely Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction.

The mean and standard deviation scores of the variables indicated that the banks were found to be good on all relationship marketing dimensions.

According to the data analysis in the previous section, summary of the findings presented as follows:

- Customer Trust and Customer Loyalty positively and significantly related. Customer Trust has B=22.9% contribution on customer loyalty at tolerance level $t=3.411$ and significance level 0.001.
- Commitment and Customer Loyalty positively and significantly related. Commitment has a positive impact and 26.4% contribution on customer loyalty at $t=3.913$ and significant level 0.000.
- Communication and Customer Loyalty positively and significantly related. Communication has B=21.3% contribution on customer loyalty at tolerance level $t=2.834$ and significance level 0.006.
- Empathy and Customer Loyalty positively and significantly related. Empathy has a positive impact and 17.2% contribution on customer loyalty at $t=2.736$ and significant level 0.007.
- Conflict Handling and Customer Loyalty positively and significantly related. Conflict Handling has a positive impact and 20.1% contribution on customer loyalty at $t=3.110$ and significant level 0.002.
- Customer Satisfaction and Customer Loyalty are positively and significantly related. Customer Satisfaction has 17.2% contribution on Customer Loyalty at $t=2.283$ and significance level 0.025.

5.2. Conclusions

This paper provides empirical justification for a framework that identifies six key dimensions of RM practices and describes the relationship among RM practices and customer loyalty. The main objective of this study was to examine the impact of RM practices on customer loyalty. For the purpose of investigating these issues a comprehensive, valid, and reliable instrument for assessing RM practices was developed. The instrument was tested using rigorous statistical tests and qualitative analysis. This study provides empirical evidence to support conceptual and prescriptive statements in the literature regarding the impact of RM practices.

From Regression Analysis between RM Practices and customer loyalty all the six constructs of relationship marketing practice variables (Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction) had strong significant influence on customer service performance.

The findings of the survey also shows that 63.6% of corresponding change in determining customer loyalty is the results of the change in relationship marketing practice of all the six predictor variables jointly. The test of overall significance of all the six variables jointly i.e. Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction are significant at 0.000 levels which found out that the model used for this survey is also to be valid.

5.3. Recommendations

Based on the study results and conclusions drawn above, some recommendations are proposed as a means of alleviating the problems found. And According to the results of this study, banks wishing to retain and develop loyal customers should be:

- Trustworthy enough for their customers, since there is a significant and positive relationship between trust and customers loyalty. That means the LIB should be careful about security of customers' transactions and their promises should be reliable discharge obligations and fulfill promises should be clear.
- Committed for the service. This means, LIB should make adjustments to suit customer needs, be flexible when services are changed, and work with customers for the continual relationship.

- Working hard to reduce the overall level of disagreement between bank and customers.
- Communicating timely and accurately since there is significant and positive relationship between communication and customers' loyalty. This means LIB should communicate information like updated financial data, indicate how and where to complain, use a wide spectrum of communications like phone calls, e-mails, and personnel visits as well as discussions.
- Developing a better reciprocity norm with customers, because gratitude plays a vital role in making customers loyal, which can in turn leads to profitability.
- The result of the study as clearly indicates that RM practices (Customer Trust, Commitment, Communication, Empathy, Conflict Handling and Customer Satisfaction) have significant impact on the company's customer loyalty. Therefore the company must have to give due attention in properly implementing for those RM practices to improve overall their performance and retain potential customer in their business architecture.
- For better marketing performance LIB must work on their response time on customers' request, provide timely information's and have to provide electronic information's so as to make their customers happy with the service provided and in order to improve their relationship and communication performance.
- In order to achieve advancement in marketing and financial performance in the long run through enhancing organizational performance, it is better for the organization to give due emphasis on RM practices.

Besides, based on the findings of the study, Trust, commitment and conflict handling practices of the LIB significantly affects customer loyalty. Therefore, it is recommend that LIB should attach more importance in creating and developing customer trust, show commitment and apply effective conflict handling in order to be winner in the competitive field in gaining loyalty of customers. Hence, to maximize the effect of trust, LIB should keep their promises, be consistent in providing the promised quality, be honest and have high integrity. Also LIB should stay committed to meet customer needs and to have continuous relationship with customers. In addition, LIB should managing conflicts proactively and timely before it runes the relationship. In general, LIB management should realize that relationship marketing plays a major role in influencing customer loyalty, so that they should emphasize on improving relationship marketing strategies to influence customer loyalty positively.

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Appendix A: QUESTIONNAIRS

Dear respondents, the purpose of this questionnaire is to collect data for the research entitled “*The impact of customer relationship marketing practices on loyalty of Lion International Bank*”. The research is being conducted as a requirement for the partial fulfillment of Award of Masters of Masters in Business Administration at Saint Mary’s University, School of Graduate Studies. The research is purely for academic purpose and thus not affects you in any case. So, your genuine, frank and timely response is vital for successfulness of the study. Therefore, I kindly request you to respond to each items of the question very carefully.

Contact Address

If you have any question, please do not hesitate to contact me and I am available as per your convenience at (Mobile: [+251935204861](tel:+251935204861) e-mail: tsegagebreyesus@gmail.com)

Thank you for scarifying your precious time in advance

General Instructions

- There is no need of writing your name
- Where answer options are available please tick (√) in the appropriate box for all parts

PART I: Demographic Information

1. Age: Below 20 years 20-25 years 26-30 years
 31-35 years 36- 40 years above 40 years

2. Educational Qualification

- Certificate College diploma (TVET)
 First Degree MA/MSC/MBA or above

3. How many years have you worked with LIB?

- Less than 2 years 2-5 years 6-10 years above 10

PART I: CUSTOMER RELATIONSHIP MARKETING PRACTICES

Please indicate the extent of your agreement or disagreement to the following statements by use of either 'x' or √ in the provided boxes.

1 strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree, 5. Strongly agree

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	CUSTOMER TRUST	1	2	3	4	5
CT1	The policies and practices of Lion International Bank S.C. are trustworthy.					
CT2	The frontline employees of Lion International Bank S.C. are always willing to help customers					
CT3	customers feel secured in all of their transactions with the Lion International Bank S.C.					
CT4	Customers are confident on the financial status of the Lion International Bank S.C.					
CT5	Lion International Bank S.C. staffs respond to customers in constructive and caring manner					
CT6	Lion International Bank S.C. is consistent in providing quality service.					
CT7	Lion International Bank S.C. makes an effort to find out what the customer needs are and accordingly provide					
CT8	Lion International Bank S.C. staff are competent in handling customer concerns					
	COMMITMENT	1	2	3	4	5
CO1	Lion International Bank S.C. commits time and resources to meet customer relationships management goals.					
CO2	Commitment by both management and employees to achieve customer satisfaction and loyalty is a policy in Lion International Bank S.C.					
CO3	Staff in Lion International Bank S.C. strongly value customers and processes that create useful change					
CO4	Lion International Bank S.C. makes adjustments to meet customers' needs					
CO5	Lion International Bank S.C. is very committed to continue relationship with customers					
CO6	The staff of Lion International Bank S.C. have commitment towards customers' needs					
CO7	Lion International Bank S.C. always provides personalized services for its key customers					
	COMMUNICATION	1	2	3	4	5
COM1	Lion International Bank S.C. provides accurate and reliable information for its customers					
COM2	Lion International Bank S.C. provides timely information for its customers					
COM3	Lion International Bank S.C. uses information from customers to design or improve its products or services.					
COM4	Lion International Bank S.C. periodically call its clients to reminder them on their personalized services					

COM5	Lion International Bank S.C. periodically send email and newsletter to its clients to inform them about services provided and new products					
COM6	Through regular contacts with customers, Lion International Bank S.C. work with individual key customer to customize its offerings					
COM7	The customers freely express opinions to the staff of Lion International Bank S.C.					
COM8	Lion International Bank S.C. provided electronic-information to its customer					
COM9	Relationships with customers are managed effectively and supported by top management and staffs					
	CONFLICT HANDLING	1	2	3	4	5
CH1	Lion International Bank S.C. has procedures of handling customer's complaints within the shortest possible time.					
CH2	Lion International Bank S.C. tries to avoid potential conflicts.					
CH3	Lion International Bank S.C. tries to solve noticeable conflicts before it create Problems.					
CH4	Lion International Bank S.C. openly discuss on solutions when problem arise					
CH5	Customer complaints are easily and immediately handled.					
CH6	Lion International Bank S.C. collects feedback on its response towards customers' complaint.					
	EMPATHY	1	2	3	4	5
EM1	All customers are sincerely entertained by the Lion International Bank S.C. employees.					
EM2	Lion International Bank S.C. gives individual attention to its customers and tries to understand their Feelings					
EM3	Lion International Bank S.C. employees and executives have the knowledge to answer customer's questions.					
EM4	Lion International Bank S.C. employees are always willing to help customers.					
	CUSTOMER SATISFACTION	1	2	3	4	5
CS1	Lion International Bank S.C. customers are always happy with the front-line staff services					
CS2	Lion International Bank S.C. customers are happy with the bank response time					
CS3	Lion International Bank S.C. uses customer satisfaction surveys for understanding customer needs and what satisfies and dissatisfies customers					
CS4	In Lion International Bank S.C. Customers are treated with respect					
CS5	Lion International Bank S.C. employees give follow up to customer requests well in time.					
CS6	Lion International Bank S.C. has convenient opening and closing time /Working time that make customers happy					

PART II: CUSTOMER LOYALTY

Please indicate the extent of your agreement or disagreement to the following statements by use of either 'x' or √ in the provided boxes

1 strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree, 5. Strongly agree

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	CUSTOMER LOYALTY	1	2	3	4	5
CL1	I, encourage my friends and relatives to use the services offered by Lion International Bank S.C.					
CL2	I stimulated by the service provided by LION INTERNATIONAL BANK S.C. to buy repeatedly.					
CL3	I give positive word of mouth witnesses to other about Lion International Bank S.C. confidently.					
CL4	Lion International Bank S.C. assess the level of repeat purchase with valuable customers in its business processes					
CL5	Lion International Bank S.C. reward loyal customers through its business architecture					
CL6	Customer retention issues are discussed by staff at meetings and appropriate motivation given.					
CL7	I observed, Lion International Bank S.C. have managed to increase its profitability because of loyal customers as a result of itsit relationship policy					
CL8	I am loyal customer of Lion International Bank S.C. as a result of having policies and practices that make customer trust the bank					
CL9	I become a loyal customer of Lion International Bank S.C. as a result of their consistent service for all the customers					

If you have any comment well come:

Thank you very much!!!

APPENDIX B: The in Depth Interview and Group Discussion

1. How do you evaluate the relationship marketing activities of Lion International Bank S.C.?
2. Does relationship marketing have the power to make customers loyal?
3. How do you appraise the trustworthiness, commitment, empathy conflict handling communication procedures of Lion International Bank S.C.?
4. Do you think Lion International Bank S.C. have no problem with regard to customer loyalty?
5. According to your opinion, what importance customers handling has in creating good relationship with the customer?
6. Are there a clearly defined policies and procedures to handle complaints?
7. How do you see the effort of Lion International Bank S.C. to create good relationship with customers? Specially, in providing information through electronic device?
8. How do you see the banks willingness to listen to customers?
9. In General how do you, rate Lion International Bank S.C. relationship with the customer?

Thank you very much!!!