A CAUSE AND EFFECT ANALYSIS OF RELATIONSHIP BETWEEN MARKETING AND CUSTOMERS' LOYALTY IN COMMERCIAL BANK OF ETHIOPIA

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ABSTRACT

In the competitive banking environment, many companies are required to gain customer loyalty with a view to building profitable relationship. At this time, the marketplace is very active, vibrant and competitive. The clients are smarter, more knowledgeable, and have an access to many channels and options which they take little time to apply. Customer can easily defect to competitors who promise better offerings at lower. Relationship marketing, therefore, has become more and more important since last decade of 20 th century, especially in the service industry. This study is aimed to empirically investigate the influence of relationship marketing (Trust, Commitment, Empathy and Conflict Handling) on customers' loyalty in banking industry with reference to Commercial Bank of Ethiopia (CBE). This study is delimited to Commercial Bank of Ethiopia in Dessie city. In terms of the constructs, only four ways of relationship marketing underpinnings (trust, commitment, empathy and conflict handling) and their influence on customer loyalty examined. A quantitative research approach was applied. Besides, a descriptive research design was used and a cross - sectional survey was chosen for this study. A survey derived from previous studies and the relevant literature is completed by 305 customers' of CBE within the area of Dessie city. Correlation analysis used to evaluate the relationship between relationship marketing and customer loyalty and multiple regression analysis assessed the influence of relationship marketing (trust, commitment, empathy and conflict handling) on customers' loyalty. The finding confirms all the independent variables have a positive and

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significant relationship with customer loyalty in CBE. Moreover, the study examines a positive and significant influence of relationship marketing on customers' loyalty. In addition, it is found conflict handling underpinning of relationship marketing has the highest influence on customer loyalty in CBE. Therefore, the bank has to execute relationship marketing appropriately and constantly, as an indispensable tool for gaining competitive advantage and building long – lasting and profitable relationships with its customers.

Key words: Cause and Effect, Relationship, Marketing, Bank, Trust, Commitment, Empathy, Conflict Handling and Customer Loyalty.

1. Introduction

Today the marketplace is very dynamic, vibrant and competitive. The customers are smarter, more informed, and have an access to many channels and choices which they take little time to exercise. Customer can easily defect to competitors who promise better offerings at lower prices It is argued that modern business environments are characterized by increasingly saturated markets, caused by changes in the nature of competition and an ever-growing imperative to attain a comprehensive appreciation of customer needs. Matching the growing complexity of the business environment has led to an ever-more diversified and demanding customer base

Banks are fighting with each other to gain a great slice of the market share with a globalization effect. Therefore, the banks have to face difficulties to meet the high growth of customer expectations.

Furthermore, in Ethiopia, the rapid growth of banking and other financial services provide the financial infrastructure facilities to the economic expansion & structural transformation. This is clearly reflected in the growth of assets in the financial sector and the contribution of the financial sector to gross national product in last ten years. In such situation, banks can use the relationship marketing strategy to create, maintain, and enhance strong relationships with their customers to secure their loyalty.

Therefore, it is important to empirically investigate the actual effect of relationship marketing on customer's loyalty. This study aims to empirically investigate the influence of relationship marketing on customers' loyalty with reference to Commercial Bank of Ethiopia, Dessie city.

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2. Company Profile

The current Commercial Bank of Ethiopia is the leading bank in Ethiopia, established in 1942. It Pioneer to introduce modern banking to the country. It has 626 branches stretched across the country and it is the leading African bank with assets of Birr 155 billion as on June 30th 2012. Commercial bank of Ethiopia plays a catalytic role in the economic progress & development of the country. (www.combanketh.com)

CBE is the first bank in Ethiopia to introduce ATM service for local users. Currently it has more than 4 million account holders (customers) among these 86,603 are in Dessie city. It has strong correspondent relationship with more than 50 renowned foreign banks and a SWIFT bilateral arrangement with 500 others. CBE combines a wide capital base with more than 12,800 talented and committed employees. Pioneer to introduce Western Union Money Transfer Services in Ethiopia. CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world. (Ibid)

❖ **Products/Services provided by the bank**

The bank provides various local and international services, and E- Payments : 1. Local banking services: Deposits, Credit facilities, local transfers, International banking services 2. Trade services :oreign Transfer Payments, Foreign Exchange Services (Forex services) and 3. Correspondent banks. E- Payments: Internet banking, Card banking, Mobile banking.

3 Statement of the Problem

Before few years, businesses were traditionally competing with others on the bait of price, the product features, by promoting and or by locating them at the places they are in demand (through 4Ps). But today none of these factors are providing the necessary differentiation due to similarity in product features, mainly competition and technology changes the business environment (Gummesson, 2002).

In recent few decades the concept of Relationship Marketing(RM) has been developing well beyond its original function as merely using customer database to manage business activities of generating profit, though it has more integration of technologies and business processes used to satisfy customer needs at a given interaction (Bose, 2002).

Besides, in Ethiopia, there are few empirical works in RM and its effect on customer loyalty in banking industry. As the researcher try to refer local published studies in this area he find few such as, Tsegay (2011), the effect of customer relationship marketing on customer

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retention, Mekelle University and Shifera (2011), the impact of relationship marketing on customer loyalty, Addis Ababa University. Therefore, this gives the reason for this research project to be conducted to help bridge the literature gap existing.

Furthermore, in Ethiopia, especially in Dessie city, Commercial Bank of Ethiopia is highly penetrated to the market through the opening of branches in several places of Dessie city. Meanwhile, the bank faces high competition from the private sector and the private such as high competiveness; high level preliminary expensive and customers switching to other banks. It used different formation of strategies to compete in the highly competitive market but still the problems are not solved. Therefore, to overcome the above mentioned problems a study on the effect of relationship marketing on customers' loyalty with reference to CBE in an emerging market like Dessie can be a fruitful empirical work. Hence, the main aim of the researcher is investigate the influence of relationship marketing (trust, commitment, empathy and conflict handling) on customers' loyalty.

4 Objective of the Study

4.1 General Objective

The general objective of this study is to investigate the cause and effect of relationship marketing on customers' loyalty with reference to Commercial Bank of Ethiopia, Dessie city.

4.2 Specific Objective

In line with the above general objective, the specific objectives this study are the following.

➤ To examine the perception of customers towards relationship marketing in Commercial Bank of Ethiopia (CBE).

➤ To measure customer loyalty in CBE.

➤ To analyze the relationship between relationship marketing (trust, commitment, empathy and conflict handling) and customers' loyalty.

➤ To identify the relative influence of relationship marketing (trust, commitment, empathy or conflict handling) on customer loyalty.

5. Research Hypothesis

In order to achieve the purpose of this study the following hypotheses are considered to be tested.

H1: Trust has a positive and significant influence on customer loyalty.

H2: Commitment has a positive and significant influence on customer loyalty.

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H3: Empathy has a positive and significant influence on customer loyalty.

H4: Conflict handling has a positive and significant influence on customer loyalty.

6. Limitations

The findings of this study were collected from a specific bank sector of the bank industry and this limits the generalisability of the findings to other parts of service industry. This limitation provides for further research. The second limitation of this study is the employement of a cross-sectional research survey. Furthermore, this study is done only from customers' point of view; the service firm's perspective about this subject is not researched because of time, source and financial constraints.

7. Significance of the Study

In the service sector like banking industry, firms really need to be more alert of their customer needs and wants. In order to sustain their competitiveness in the marketplace, each bank needs to provide the excellent service towards their entire of customers. If the firms failed to maintain and enhance their services, it is impossible for them to achieve their targets. However, it is really difficult to achieve customers' loyalty. Therefore, it is important that each bank provide great services by fulfilling their entire customer needs, increasing their customer satisfaction and ultimately gaining the loyalty of the customers.

8. Research methodology

8.1 Research Design

A descriptive research design was used in this study since it is most suitable due to the characteristics of the purpose of the study. The purpose of this study is to investigate the influence of relationship marketing on customers' loyalty. Thus, this can be investigated through a descriptive research design that becomes suitable and a cross-sectional research survey also considered in finding the patterns in the gathered data to make it possible to see relationships between the different variables under investigation.

8.2 Target population

The study was undertaken to investigate the effect of relationship marketing on customers' loyalty by customers of the Commercial Bank of Ethiopia. Currently the bank has 7 branches in Dessie city with a total population of 86,603 saving and current account holders.

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8.3 Sample Size Determination

In this study a statistical method was used to find the appropriate sample size of the study. The sample size was calculated statistically and the equation finds the required sample size of the study based on the population size and also taking the number of standard errors into account. By using this method the researcher can ensure that the sample he investigates statistically represents the whole population under investigation. (Ibid)

Figure : Sample Size Statistical Formula for Finite Population

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N-1) + z^2 \cdot p \cdot q}$$

Where,   where,

N= total population   N=86,603

Z= the critical table value at 95% confidence level   Z=1.96

P= the population variability   p= 0.3

q= the probability of the population not to be occurred 1-p   q= 0.7

e = the maximum allowed error   e=0.05

n = the total number of samples required   n=?

In this study the sample size required to achieve statistical significance were 322 respondents, displayed with the following calculation:

$$n = \frac{1.96^2(0.3)(1-0.3)(86,603)}{0.05^2(86,603-1) + 1.96^2(0.3)(1-0.3)}$$

$$n = \frac{69,865.757808}{216.505 + 0.806736} = 321.50 \approx 322$$

Therefore, the researcher employed a large sample size of 322 samples from the branches. These samples were determined from the seven branches of Commercial Bank of Ethiopia (CBE) in the city proportionally.

8.4 Data Type and Source

In this study, both primary and secondary data were used as its source of information.

8.5 Method of Data Collection

Based on the research objective, English and Amharic version questionnaires were prepared to elicit customers' experience. The questionnaire consists of two parts. Part one was prepared to

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gather general information about the respondents' gender, age, education, occupation, and for how long have been the customers used the bank's services.

The researcher takes a pilot test of 20 questionnaires, to evaluate the clarity and respondents' understanding of the questions as intended. In a pre-testing phase, using a small sub-sample, may determine whether the data collection plan for the main study is an appropriate procedure. After the pilot study, Three hundred twenty two (322) customers were approached using non-probability sampling that is convenience sampling technique by the researcher. From the 322 survey forms, 315 are completed and returned. However, only 305 were usable as ten were voided because of incomplete data. This is a 94.72 percent response rate.

8.5 Statistical Tools

In this study , the certain statistical tools like frequency, mean, standard deviation, correlation, regression models was applied. To analyze the quantitative data the researcher executed SPSS software version 20.

9. Data analysis and Interpretation

9.1 Cronbach's Coefficient Alpha

This method is used to measure the reliability of the questionnaire between each field and the mean of the whole fields of the questionnaire. The normal range of Cronbach's coefficient alpha value between 0.0 and + 1.0, and the higher values reflects a higher degree of internal consistency. Different authors accept different values of Cronbach´s alpha in order to achieve internal reliability, but the most frequent accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair *et al.,* 2003).

Table No 1: Cronbach's Alpha for each filed of the questionnaire

No	Field	Number of Items	Cronbach's Alpha
1.	Trust	11	0.853
2.	Commitment	8	0.887
3.	Empathy	5	0.790
4.	Customer handling	10	0.939
5.	Customer loyalty	10	0.972
	Entire	**44**	**0.972**

Source: Filed Survey

The Cronbach's coefficient alpha was calculated for each field of the questionnaire. Table No 1, shows the values of Cronbach's Alpha for each filed of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha are in the range from 0.790 and 0.972. This range is considered as high; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.972 for the entire questionnaire which indicates an excellent reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

9.2 Descriptive Analysis

For the scale typed questionnaires for all variables mean and standard deviation response of respondents were used. The highest mean figure with the lowest scores of standard deviation indicates the extent to which the CBE is highly trustworthy; its employees are highly committed; emphatic and good in conflict handling for its customers.

9.2.1 Gender of respondents

<div align="center">

Table No 2 : Gender of respondents

Sex	Frequency	Percent
Female	143	46.9
Male	162	53.1
Total	305	100

</div>

Source: Field survey

As it can be seen, the majority of the respondents (53.1%, n = 162) are males and females comprised 46.9 percent (n = 143) of the respondents. This implies the bank (CBE) is good in proportionate gender based customer relationship building.

9.2.2 Age of respondents

<div align="center">

Table No 3: Age of respondents

Age	Frequency	Percent
Between 18-24 years	131	43.0
25-34years	120	39.3
35-44 years	37	12.1
45years and above	17	5.6
Total	305	100

</div>

Source: Field survey

As it is clearly indicated in the table, majority of the respondents (43%, n = 131) are in the age group 18- 24 years, followed by 39.3 percent (n=120) in the age group 25 - 34 years, 12. 1

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percent (n=37) in the age group 35-44 and another seventeen respondents (5.6.8%) in the age group 45 and above. This means majority of the respondents are youngsters (at the age between 18-34 years old) and implies they are the most productive and potential prospects to the bank.

9.2.3 Educational qualification of the respondents

Table No 4: Educational qualification of the respondents

Educational Qualification	Frequency	Percent
Primary	5	1.6
Secondary	28	9.2
Diploma	89	29.2
Degree	132	43.3
Postgraduate	51	16.7
Total	305	100

Source: field survey

As it can be seen from table, most of the respondents (43.3%, n = 132) are first degree holders, followedby 89 respondents (29.2%) are diploma holders. Besides, fifty one respondents (16.7%) are post graduate degree holders, 9.2 percent (n=28) respondents achieved primary education and five respondents (1.6%) achieved secondary education. This indicates majority of the customers of the bank are educated and implies that these types of customers may initiate the bank to adopt new technological banking systems like e-banking (Internet, Card and Mobile banking).

9.2.4 Occupations of the respondents

Table No .5: Occupation of the respondents

Occupation	Frequency	Percent
Government sector	107	35.1
Private sector	42	13.8
Own Business	139	45.6
Students	17	5.6
Total	305	100

Source: Field survey

The table shows majority of the respondents (45.5%, n=139) are running their own business. Furthermore, 35.1 percent (n=107) respondents are working in government sector, 13.8 percent

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(n=42) respondents are working in private sector and the remaining (5.6%, n=17) respondents are students. This emphasizes that the customers who are running their own business and working in government sector generate more profit to the bank from their frequent service purchase.

9.2.5 Monthly income of respondents

Table No 6: Monthly income of the respondents

Monthly income		Frequency	Percent
	Below Birr 1000	41	13.4
	1000-2999	139	45.6
	Birr 3000-4999	57	18.7
	Birr 5000 and above	68	22.3
	Total	305	100

Source: Field survey

The table indicates majority of the respondents (45.6%, n=139) have Birr1000-2999 monthly income. The second group of respondents (22.3%, n=61) has Birr 5000 and above. Besides, 67 respondents (18.7%) have Birr 3000-4999 and the remaining group (13.4%, n=48) has a monthly income below Birr 1000. This implies that the bank is effective and in a good track on establishing, maintaining and enhancing relationships with profitable customers.

9.2.6: Experience of respondents used the bank's service

Table No 7: Experience of respondents used the bank's service

Experience		Frequency	Percent
	1-3 years	85	27.9
	3-5 years	132	43.3
	5-7 years	54	17.7
	above 7 years	34	11.1
	Total	305	100

Source: Field survey

The experience of respondents' used the bank's service is shown in table No 4.7. As it can be seen shows majority of the respondents (43.3%, n=132) have 3-5 years experience. The second group of the respondents (27.9%, n=85) has 1-3 years experience. Besides, 54 respondents (17.7%) have 5-7 years experience and the remaining 34 respondents (11.1%) have above 7

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years experience. This implies that the bank is in a good track on establishing, maintaining and enhancing long- lasting relationships with customers.

9.3 Descriptive Statistics of Scales Typed Questionnaires

In this part descriptive statistics in the form of mean and standard deviation are presented to illustrate the level of agreement of the respondents with their implications to Commercial Bank of Ethiopia.

The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. But, while making interpretation of the results of mean and standard deviation the scales are reassigned as follows to make the interpretation easy and clear. 1 - 1.8= Strongly Disagree, 1.81 – 2.6 = Disagree, 2.61 – 3.4= Neutral, 3.41 – 4.20= Agree and 4.21 – 5 = Strongly Agree.

9.3.1 Perception of respondents towards trust

Table No 8: Descriptive statistics of trust

No	Variables of trust	N	Mean	Std. Deviation
1.	Concern for security	305	4.07	.760
2.	Reliable promise	305	3.76	.992
3.	Providing consistent quality service	305	3.63	.980
4.	Showing respect to customers	305	3.86	.993
5.	Fulfilling obligation	305	3.63	.998
6.	Creating confidence	305	4.03	.823
7.	Being completely trusted	305	3.80	.800
8.	Doing right things	305	3.48	.993
9.	Being honest to customers	305	4.04	.731
10.	Ability to meet promise	305	3.53	.954
11.	keeping promise	305	3.92	.852

Source: Filed survey

As it is shown in the table concern for security has scored mean of 4.07 with standard deviation 0.760, being honest to customers has scored mean of 4.04 with standard deviation 0.731 and creating confidence has scored mean of 4.03 with standard deviation 0.823. Since concern for security has the highest mean score from all the variables and it is possible to say that it plays a

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great role to make customers loyal and being honest to customers and creating confidence to customers also do the same.

But, the results indicated in the above table implies still there are tasks that the commercial bank of Ethiopia has to do on the above mentioned aspects of trustworthiness to make its customers loyal.

9.3.2 Perception of respondents towards commitment

Table No .9: Descriptive statistics of commitment

No	Variables of Commitment	N	Mean	Std. Deviation
1.	Making adjustment to suit customers needs	305	3.43	.953
2.	Offering personalized services to meet customers need	305	3.41	.956
3.	Flexibility to change service	305	3.42	.976
4.	Being flexible to serve customer needs	305	4.20	.990
5.	Commitment to continue relationship	305	3.67	.940
6.	Importance of having relationship	305	4.00	.965
7.	Customers' care about relationship	305	4.12	1.003
8.	effort to maintain relationship	305	3.51	.961

Source: Filed survey

As it is shown in the table, flexibility to serve customer needs has scored mean of 4.20 with standard deviation 0.990, customers care about relationship has scored mean of 4.12 with standard deviation 1.003 and importance of having relationship has scored mean of 4.00 with standard deviation 0.965. Moreover, the table indicates that offering personalized services to meet customers need has scored the lowest mean of 3.41 with standard deviation 0.956 from the other variables of commitment. However, the above results entail yet there are tasks that the bank (CBE) has to do in the variables of commitment to make its customers loyal.

9.3.3 Perception of respondents towards empathy

Table No 10: Descriptive statistics of empathy

No	Variables of empathy	N	Mean	Std. Deviation
1.	Dealing in a caring fashion	305	3.60	.783
2.	Giving individualized attention	305	3.51	.805
3.	Understanding specific needs	305	3.35	.756
4.	best interest at heart to customers	305	3.38	.764
5.	convenient operating hours	305	4.01	.983

Source: Filed survey

As it can be seen from the table, convenient operating hours has scored mean of 4.01 with standard deviation 0. 983. According to this result convenient operating hours has scored the highest mean of all the variables of empathy. So, it is pertinent to say that it has a great role in making customers loyal to the bank.

Besides, the table also indicates understanding specific needs of the customers has scored the lowest rating mean of 3.35 with standard deviation from the other variables of empathy. But, the above results imply that there are tasks that CBE has to do on the variables of empathy.

9.3.4 Perception of respondents towards conflict handling

Table No 11: Descriptive statistics of conflict handling

No	Variables of conflict handling	N	Mean	Std. Deviation
1.	Avoiding potential conflict	305	3.35	.924
2.	Solving manifest conflicts	305	3.48	.916
3.	Ability to discuss solutions when problems arise	305	3.37	.908
4.	Responsiveness to complaints	305	3.32	.973
5.	Showing a sincere interest in solving problem	305	3.34	.914
6.	Listening customer's problem	305	3.34	.980
7.	Communicating organization's policy to clients	305	3.38	.994
8.	communicating how and where clients to complain	305	3.41	.993
9.	prompt response to complaints	305	3.45	.960
10.	Asking feelings of complaints	305	2.60	1.005

Source: Filed survey

As it is indicated in the table solving manifest conflicts before they create problems has scored mean of 3.48 with standard deviation 0.916, prompt response to complaints has scored (mean= 3.45 with standard deviation 0.960) and communicating how and where customers to complain has scored mean of 3.41 with standard deviation 0.993. Since solving manifest conflicts before they create problems to customers has scored the highest mean and it is realistic to say that it plays an immense role in creating customer loyalty.

However, tells us that majority of the respondents disagree about this variable and this implies that the respondents will not have an interest to be loyal customer to the bank unless the CBE is not solving conflicts timely.

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9.3.5 Perception of respondents towards customer loyalty

Table No 12: Descriptive statistics of customer loyalty

No	Variables of customers' loyalty	N	Mean	Std. Deviation
1.	Making purchases decision on services	305	3.94	.817
2.	Making choice to use service	305	3.89	.902
3.	Decision not to change to other bank because of its value	305	3.89	.885
4.	Decision to be loyal customer	305	3.84	.957
5.	Recommending the bank to friends	305	3.67	.946
6.	Difficulties to change customers beliefs	305	3.72	.951
7.	Decision to use the bank's services	305	3.75	.966
8.	Preference of customers	305	3.62	.936
9.	Intention to use the services	305	3.60	.887
10.	Decision not to change to another bank because the bank sees customers' needs	305	3.50	.817

Source: Filed survey

The perception of the respondents towards customer loyalty variable using mean and standard deviation, making purchases decision on services has scored (mean= 3.94 with standard deviation .817), making choice to use service and decision not to change to other bank because of its value have scored (mean=3.89 with standard deviation .902 and .885) respectively and decision to be loyal customer has scored mean of 3.84 with standard deviation .957. Hence, making purchases decision on services has the highest mean score and it is possible to say that making purchase decision on services plays a great role to be customer loyal.

Besides, decision not to change to another bank because the bank sees customers' needs has scored the lowest mean of 3.5 with standard deviation .817. But, the above results clearly indicates if the bank is good in trust, committed, empathic and solves conflicts timely will result an increase frequent purchase of services of the customers in the bank and vise versa.

9.3.6 Summery of perception of respondents towards RM and customer loyalty

Table No 13: descriptive of RM and Customer loyalty

Variables	No	Mean	Std. Deviation
Trust	305	3.79	.897
Commitment	305	3.72	.968
Empathy	305	3.57	.818
Conflict handling	305	3. 43	.957
Customer loyalty	305	3.74	.906

Source: Filed survey

The above table clearly summarizes mean and standard deviation of relationship marketing dimensions and customer loyalty perceived by the respondents. It illustrates the respondents agreement with the four dimensions of relationship marketing by giving the higher rate scale to trust (mean=3.79, SD= 0.897), followed by commitment mean of 3.72 with standard deviation 0.968, empathy (mean= 3.57, SD=0.818) and conflict handling (mean=3.43, SD= 0.957). The low standard deviation indicates that the mean is representative of the rate given by the majority of respondents. This implies that the RM dimensions (commitment, trust, empathy and conflict handling) are the predictors of the dependent variable customer loyalty. Besides, the perception of the respondents towards customer loyalty rating scale of (mean= 3.74, standard deviation .906). This result is fall in the rating scale 3.41- 4.2. This implies that majority of the respondents agreed to be loyal customer of Commercial Bank of Ethiopia if the bank is high in commitment, trust, empathy and conflict handling and vise versa.

9.4 Correlation Analysis

Like the demographic factors, the scale typed questionnaire entered to the SPSS software version 20, to process correlation analysis.

9.4.1 Correlation analysis between relationship marketing and customer loyalty

Table No 14: Correlations between relationship marketing and customer loyalty

Relationship Marketing	Customer Loyalty	
	Pearson Correlation	Sig. (2-tailed)
Trust	.709	.000**
Commitment	.660	.000**
Empathy	.585	.000**
Conflict Handling	.782	.000**

**. Correlation is significant at the 0.01 level (2-tailed)   N= 305

Source: Field Survey

The results of correlation analysis in table 14 above shows that, all the independent variables (trust, commitment, empathy and conflict handling) are positively and significantly correlated with the dependent variable (customer loyalty) at 99 percent confidence level (P<0.01). This implies that if the level of conflict handling, trust, commitment and empathy of the bank is high then the level of customer loyalty will be high and vice versa.

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9.5 Multiple Regression Analysis

The multiple regression analysis was conducted using the hierarchical regression method. It is conducted to investigate the influence of independent variable on the dependent variable and identify the relative significance influencer independent variable (trust, commitment, empathy or conflict handling) to the dependent variable customer loyalty. The proposed hypotheses are tested using multiple regression analysis. The results of the regression analysis are the following.

Table No 15: Multiple Regression analysis result of RM and customer loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.791	.626	.624	.57923

a. Predictors(constant): Trust, Commitment, Empathy and Conflict handling

b. Dependent variable: Customer loyalty   N= 305

Source: Filed survey

The result shows that the model tested is significant (p<0.01). The adjusted R square 0.624 indicates 62.4 percent of variance in customer loyalty is attributed to the four independent variables (trust, commitment, empathy and conflict handling) entered into the regression. The remaining 37.6 percent of the variance in customer loyalty may be explained by other factors such as perceived value, cooperation, communication and so on.

Table No 16: Coefficients of relationship marketing dimensions

Independent Variables	Beta(β)	t	Sig.
Trust	.235	3.375	.000
Commitment	.120	.437	.000
Empathy	.179	3.437	.000
Conflict Handling	.331	5.301	.000

Dependent Variable: Customer Loyalty   N=305

Source: Filed survey

The coefficients table illustrates the influence of relationship marketing (trust, commitment, empathy and conflict handling on customer loyalty. Here using this multiple regression coefficient results the proposed hypotheses for this study are tested as follows.

H1: Trust has a positive and significant influence on customer loyalty.

Results of multiple regression analysis table 4.16 above clearly indicates, trust has significant influence on customer loyalty (p<0.01). Besides, the value of beta (β= .235) shows that the

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positive influence of trust on customer loyalty. This implies that a one percent increase in trust results in 23.5 percent increase in customer loyalty. Hence, the above proposed hypothesis is accepted.

H2: Commitment has a positive and significant influence on customer loyalty.

Table No 4.16 multiple regression analysis demonstrates commitment has no a significant influence on customer loyalty (p>0.01). Besides, the table depicts the value of beta (β= .120) that the positive influence of commitment on customer loyalty. This implies that a one percent increase in commitment results in 12 percent increase in customer loyalty. Therefore, the above proposed hypothesis is well accepted.

H3: Empathy has a positive and significant influence on customer loyalty.

Results of multiple regression analysis table 4.16 above clearly indicates that empathy has significant influence on customer loyalty (p<0.01). Besides, the value of beta (β= .179) shows that the positive influence of trust on customer loyalty. This implies that a one percent increase in trust results in 17.9 percent increase in customer loyalty. Thus, the above proposed hypothesis is accepted.

H4: Conflict handling has a positive and significant influence on customer loyalty.

Table No 4.16 coefficient relationship marketing in the multiple regressions illustrates that conflict handling has significant influence on customer loyalty (P<0.01). Furthermore, the value of beta (β= .331) indicates a positive influence of conflict handling on customer loyalty. This implies that as conflict handling increases by one percent results 33.1 percent on customer loyalty. Hence, the above proposed hypothesis is well accepted.

5.1 Summary of the major findings

The main objective of this study is to investigate the influence of relationship marketing on customers' loyalty with reference to commercial bank of Ethiopia in Dessie city.

In this study, both primary and secondary data were used as source of information. Based on the research objective, English and Amharic version questionnaires were prepared. Three hundred twenty two (322) customers were approached using non- probability sampling that is convenience sampling technique. From the 322 survey forms, 315 are completed and returned. However, only 305 were usable as ten were voided because of incomplete data. This is a 94.72 percent response rate.

✓ Majority of the respondents (53.1%) are males and (46.9%) are females and majority of the respondents are youngsters (at the age between 18-35 years old).

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- ✓ Besides, the majority of the respondents (89.2%) are diploma and degree holders and postgraduate and 1.6 percent of the respondents achieved primary education.
- ✓ Moreover, the majority of the respondents (45.5%) are running their own business and 5.6 percent of the respondents are students.
- ✓ Furthermore, the study demonstrates majority of the respondents (45.6%) have between Birr1000-2999 monthly income and (13.4%) of the respondents have an income below Birr 1000.
- ✓ Besides, majority of the respondents (43.3%) have 3-5 years experience and (11.1%) of the respondents have above 7 years experience.

In addition to the descriptive statistics, inferential statistics were made using correlation and multiple regression analysis and the results are concluded as follows.

- ✓ Correlation analyses launch a positive and significant relationship between relationship marketing (trust, commitment, empathy and conflict handling) and customer loyalty.
- ✓ Furthermore, the multiple regression analysis notifies the more than sixty percent variance of customer loyalty is attributed to relationship marketing (trust, commitment, empathy and conflict handling).
- ✓ As far as the relative influence of an individual component of relationship marketing on customer loyalty, the result of multiple regression coefficients commence conflict handling is the most dominant relational dimension in determining the variation in customer loyalty.

5.2 Recommendations

This study has demonstrated that influence of relationship marketing on customers' loyalty in CBE with in the area of Dessie city. In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the bank for improving relationship marketing activities to assure customer loyalty.

In CBE the activities of relationship marketing (trust, commitment, empathy and conflict handling) have to be enhanced and reinforced in order to keep and increase loyal customers. This can be enhanced and developed through the following.

- ➢ The bank has to improve the level of trust by continuous development of services and benefits, increasing its ability to meet its promises, fulfilling obligation, providing consistent quality services and having reliable promises.

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➢ CBE has to improve the level of commitment, by offering personalized services to meet customers' needs, being flexible to change services, making adjustment to suit customers' needs and giving motivational benefits to employees to be committed.

➢ It has to developing empathy through dealing with customers in a caring fashion, giving individualized attention to the customers, understand their specific needs and having the customers' best interest at heart.

5.3 Conclusion

This research has numerous functions in management of bank customers because CBE is interested in obtaining and retaining of loyal customers. Based on the results of the descriptive statistics, it is pertinent to conclude that higher level of trust, commitment, empathy and conflict handling perceived by customers, the higher level of customer loyalty can be achieved by Commercial bank of Ethiopia.

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