Assessment on Factors Influencing Customer Retention: The Case of Selected Private Commercial Banks in Hawassa City Administration

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ABSTRACT

Currently customer retention has gained importance among both goods and service providing firms. This study assessed factors influencing customer retention in selected private commercial banks in Hawassa City administration. Five specific objectives were developed related to the independent variables: Customer Satisfaction, Customer Trust, Perceived Switching barriers, Tangibility, and Customer Commitment and the dependent variable: Customer Retention. The study adopted convenience sampling technique to select a sample of 365 banks' customers out of total population of 4,155.Both Primary and Secondary data were used in doing this research. The data was analyzed with the help of the correlation, multiple regression analysis using SPSS Version 20.0 Econometrics software. The significance of all the hypotheses were tested by comparing their standardized beta and p-value and it is found that all variables have significant effect on customer retention. Regarding the findings from the correlation and regression analyses, the highest correlation score of 0.579 existed between Customer Retention and Customer Commitment was seen and found to be significant at 0.01 level (P<0.01).

Keywords: Customer retention; Customer satisfaction; Customer trust; Perceived switching barrier; Tangibility; Customer commitment.

1.0 Introduction

According to (Terefe 2013, as cited in Sintayehu 2015), Banks play an important function in the economy of any country. They serve as a bridge between those with excess money (depositors) and those individuals and businesses with viable projects but requiring money for their investment (creditors).

The following are some of the functions of banks: lending money, depositing others' money, transferring money locally or abroad and working as paying agent.

Currently, the banking industry is highly competitive, with banks not only competing among each other but also competing with non-banks and other financial institutions (Kaynak and Kucukemiroglu, 1992; Hull, 2002). According to Ro King (2015), for banks to remain competitive, they should try to retain as many customers as possible (Ro king, 2005).

The ability of a company to attract and retain new customers is not only related to its product or services, but also strongly related to the way it services its existing customers, the value the customers actually generate as a result of utilizing the solutions, and the reputation it creates within and across the marketplace (Ro king, 2005).

1.1 Empirical review of related studies and research gap

Customer retention can be defined as customer's stated continuation of a business relationship with the firm (Timothy *et al.* 2007).

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It is an important factor in achieving customer satisfaction (Danesh et al., 2012). Customer retention is an effective tool that banks can use to gain a strategic advantage and survive in today's banking competitive environment (Pal, 2011).

Keeping the customer has become regarded as equally as, if not more important, than creating a new customer. There is a growing recognition that customers can be managed overtime since they have a life-cycle were they are acquired, retained and can be grown in value (Ang and Buttle, 2006).

According to Mulugeta (2015), the financial system as well as financial sector of Ethiopia is dominated by public (government owned) banks. Currently the banking sector includes two public owned commercial banks, and sixteen private commercial banks. From the sixteen private commercial banks, the study of the researcher concentrated on large scale size private commercial banks operating within Hawassa city Adminstration. The researcher selected four banks, namely Bank of Abyssinia S.C., United Bank S.C., NIB international Bank S.C., Wegagen Bank S.C.

In Ethiopia, even though the sector has seen its profits and expenses as well as its assets and capital growing over the years and banks have been focusing on the expansion of their technological bases by expanding core banking and increasing the number of their Automated Teller Machines(ATM) and start issuing agent and mobile banking services, Ethiopia significantly lags behind the other Sub-Saharan countries in all measures of financial access, including number of ATMs, depositors and creditors: The number of banks per 100,000.00 adults stands at around three while that of the sub Saharan Africa is four, the depositors per 1000 person is 100 in Ethiopia while this number is 150 in Sub Saharan Africa. The number of ATMs in Ethiopia per 100,000 adult is well below two while the number in Sub –Saharan Africa is about five (IMF, 2014).

The research gap that have been addressed in this study is that, even if many of large scale private commercial banks operating in Ethiopia were established in early and mid 1990's, there is a substantial gap observed among the large scale private commercial banks in terms of deposits mobilized using various account types.

This study, therefore, tries to find out whether customer retention related factors contributed for lagged performance of the four banks selected for the study: M/s Bank of Abyssinia S.C., United Bank S.C., NIB International Bank S.C., and Wogagen Bank S.C., as compared with their peer banks i.e., Awassh Bank S.C. and Dashen Bank S.C., in a belief that the findings of the research will have a paramount impact in addressing customer retention problem being faced by banks.

1.2 Conceptual framework of the study

From the empirical evidences and the practical issues observed in the Banks' operation, the researcher will try to propose a model that would explain the impact of explanatory variables on customer retention in selected private commercial Banks.

Moreover, the model which has been taken from works of Richards (1996), and Ranaweera and Prabhu (2003), to explore the concepts of customer retention in the banking industry with slight modification and addition of new dimension/variables so as to check its applicability in the banking sector.

However, the previously developed conceptual models do not incorporate variables like accessibility or branch expansion, and the researcher tries to understand how a bank would apply the customer retention program to gain a competitive advantage over its rivals. The conceptual model is shown in the Figure 1.

Independent Variables Dependent Variable

Figure 1: Conceptual Framework
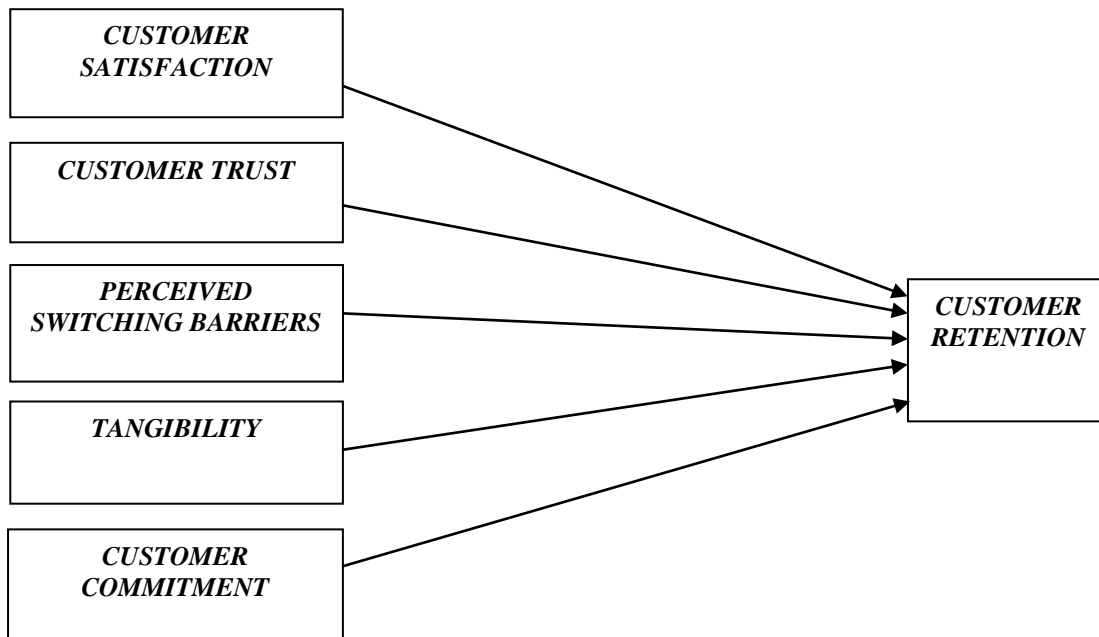
Source: Adapted from Richards (1996), Ranaweera and Prabhu (2003), and Parasuraman et al., (1988).

1.3 Objective of the study

The main objective of this study is to assess factors that affect customer retention in selected large scale private Commercial Banks in Hawassa City Administration.

1.4 Research hypothesis

A research hypothesis is a predictive statement, capable of being tested by scientific methods, that relates an independent variable to some dependent variable (Kothari, 2004).

Accordingly, the following hypotheses are set for the study under consideration:

H1: There is a significant & positive relationship between customer Satisfaction and customer retention.

H2: There is a significant & positive relationship between customer trust and customer retention.

H3: There is a significant & positive relationship between perceived switching barriers and customer retention.

H4: There is a significant & positive relationship between Tangibles and customer retention.

H5: There is a significant & positive relationship between Customer Commitment and customer retention.

2.0 Materials and Methods

2.1 Target population

The study was focused mainly on assessing factors influencing customer retention taking the case of selected private commercial banks operating within Hawassa city Adminstration. Currently, there are 16 private banks operating in Hawassa city administration. Among these banks, the researcher selected only four private banks namely M/s Bank of Abyssinia S.C., United Bank S.C., NIB International Bank S.C., and Wegagen Bank S.C. The target population of the study comprised of 4,155 customers of these banks who use deposit services.

2.2 Research design

From the point of view of application, the research is an applied research , from the view point of objectives it is descriptive type and from the view point of the process adopted to find answer to research question its uses both quantitative and qualitative approaches in order to achieve the main objective of this research. In this research questionnaire was used for collecting primary data.

2.3 Data source and type

A cross sectional survey data in the form of both qualitative and quantitative data was used in this study. Data from both primary and secondary sources were used. Primary data was gathered from customers of M/s Bank of Abyssinia S.C., United Bank S.C., and NIB International Bank S.C., & Wogagen Bank S.C., branches using questionnaires and secondary data was collected from annual reports, journals, internet, books and etc.

2.4 Data collection method

For the purpose of the study primary data will be collected through field survey from customers of selected private commercial banks through self administered a five point Likert-scale questionnaires. To avoid duplication of data the respondents were guided not to respond twice if he/she has done once at one bank branch. Moreover, secondary data will be collected from annual reports, previous publications, books, the internet…etc.

2.5 Sample size

In order to collect data, a self-administered questionnaire was prepared to record the responses. The study adopted convenience sampling technique to select a sample of 365 bank customers. Primary data were collected using questionnaires and 315 (86%) bank customers responded positively and the remaining 50(14%) of customers did not respond.

2.6 Data processing method

The qualitative data were analyzed using content analysis through identification, categorizing and grouping and interpretation. While the quantitative data was analyzed using Statistical Package for Social Science (SPSS) version 20.0., which consists of descriptive statistics tools such as frequency, percentages, mean and standard deviation. Besides, tables and figures were used to summarize and present the result. In addition, the relationship of customer retention variables with Customer retention have been analyzed using Pearson's' correlation and the regression analyses were used to show the regression level of variables from the dependent variable (Customer Retention).

2.7 Ethical consideration

Before the research was conducted on the selected banks, the researcher informed the participants of the study about the objectives of the study, and was consciously consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. A researcher must consider these points because the law of ethics on research condemns conducting a research without the consensus of the respondents for the above listed reasons.

3.0 Data Analysis and Presentation

In this chapter, the data collected from customers of M/s United Bank S.C., Bank of Abyssinia S.C., NIB International Bank S.C., and Wogagen Bank S.C. were summarized and analyzed in order to realize the ultimate objective of the study.

3.1 Descriptive analysis of data collected from customer survey

The analysis of the study was done by using a descriptive statistics by computing frequency tables along with percentages, mean and standard deviation. The main purpose of using this statistical parameter is to interpret the average response rate of respondents for each item. Besides, the mean scores are rated as per Poonlar Btawee, the mean score range from 4.51-5.0 excellent/very good, 3.51-4.50 good, 2.51-3.50 average/moderate, 1.51-2.50 fair and 1.00-1.50 poor (Poonlar Btawee:1987).

3.1.1 Customer satisfaction with banking service

This section reports on the perceptions and attitudes of respondents towards Satisfaction indicators.

Table 1: Customer Satisfaction Indicators

Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Grand Mean	Standard deviation
Better prices of banks' services made you to continue using the services from the same bank		27 (8.6)	48 (15.2)	146 (46.3)	94 (29.8)	3.9746		.89193
Better service quality offered by the bank have made you to remain with it	3 (1)	28 (8.90	51 (16.2)	134 (42.5)	99 (31.4)	3.9460		.95784
Kindness of the bank staff makes you continue trusting the bank		27 (8.6)	46 (14.6)	146 (46.3)	96 (30.5)	3.9873		.89220
Performance of frontline employees of the bank have made you to remain with the bank	3 (1)	21 (6.7)	36 (11.4)	126 (40.0)	129 (41.0)	4.1333	**4.08675**	.92798
Complaints are handled well and on time thus made you to continue using the same bank	9 (2.9)	5 (1.6)	26 (8.3)	127 (40.3)	148 (47.0)	4.2698		.89596
Adequate and timely information gives you confidence to continue using the services offered by the bank	5 (1.6)	8 (2.5)	28 (8.9)	149 (47.3)	125 (39.7)	4.2095		.82973

Source: Computation from field survey data, 2017. The value in brackets shows percentage.

The customer satisfaction indicator contains six items and the majority of the dimensions have scored above the average mean. Particularly, 'complaint handling mechanism of banks' has scored the highest mean of 4.27 followed by 'providing adequate and timely information' which scored mean value of 4.20. Customer Satisfaction as an indicator has scored 4.09 grand mean which in turn shows Customer Satisfaction plays a good role in retaining customers.

3.1.2 Customer trust on bank services

This section reports on the perceptions and attitudes of respondents towards customer trust indicators.

The Customer Trust indicator also contains six items and the majority of the dimensions have scored above the average mean. Specifically, 'trustworthiness of the policies and practice of banks' have scored the highest mean of 4.41 followed by 'confidentiality of bank records' which has scored mean value of 4.32. Customer Trust on bank services as an indicator has scored 4.23 grand mean implying it is considered to be a good factor of customer retention.

Table 2: Customer Trust Indicators

Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Grand Mean	Standard deviation
The trust between the bank and its customers has an impact on their relationship		24 (7.6)	46 (14.6)	142 (45.1)	103 (32.7)	4.0286		.88286
This bank is reliable because it is mainly concerned with the customers' interests.	3 (1)	27 (8.6)	46 (14.6)	132 (41.9)	107 (34.0)	3.9937		.95768
The bank has good reputation	5 (1.6)	8 (2.5)	23 (7.3)	123 (39.0)	156 (49.5)	4.3238	4.2302	.84267
The policies and practice of the bank are trustworthy	2 (0.6)	13 (4.1)	12 (3.8)	112 (35.6)	176 (55.9)	4.4190		.80343
The services provided by the bank are secure	10 (3.2)	4 (1.3)	19 (6.0)	143 (45.4)	139 (44.1)	4.2603		.87908
I am convinced that the bank handles my records confidentially	3 (1)	3 (1)	26 (8.3)	130 (41.3)	153 (48.6)	4.3556		.75329

Source: Computation from field survey data, 2017. The value in brackets shows percentage.

3.1.3 Perceived switching barriers on banking services

This section reports on the perceptions and attitudes of respondents towards switching barrier indicators.

Table 3: Perceived Switching barrier Indicators

Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Grand Mean	Standard deviation
The bank do have strategies for preventing the customers from switching banks	7 (2.2)	29 (9.2)	73 (23.2)	85 (27.0)	121 (38.4)	3.9016		1.08544
I feel there is a bond between me and the bank	15 (4.8)	32 (10.2)	33 (10.5)	117 (37.1)	118 (37.5)	3.9238		1.14571
I would be more comfortable interacting with the people working for my bank than I will be if I switch to another bank.	13 (4.1)	34 (10.8)	46 (14.6)	117 (37.1)	105 (33.3)	3.8476	3.9478	1.12398
I would miss my bank if I switch to another bank	9 (2.9)	12 (3.8)	33 (10.5)	133 (42.2)	128 (40.6)	4.1397		.95079
I like the public image of my bank	3 (1.0)	9 (2.9)	49 (15.6)	150 (47.6)	104 (33.0)	4.0889		.82460
The bank cares about its customers	3 (1.0)	10 (3.2)	25 (7.9)	133 (42.2)	144 (45.7)	4.2857		.81835
In general switching to a new bank would be a hassle	19 (6.0)	56 (17.8)	62 (19.7)	121 (38.4)	57 (18.1)	3.4476		1.15362

Source: Computation from field survey data, 2017. The value in brackets shows percentage.

A perceived switching barrier indicator contains seven items. Except for the dimensions such as the caring nature of banks (4.29), the public image of banks (4.09) and customer's perception towards shifting to a new bank (4.14), all other dimensions have scored mean values below the grand mean. Perceived switching barriers as an indicator has scored 3.95 grand mean implying it is considered to be a good factor of customer retention.

3.1.4 The effect of tangibles on banking services

This section reports on the perceptions and attitudes of respondents towards tangibility indicators.

Table 4: Tangibility Indicators

Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Grand Mean	Standard deviation
Proximity of the bank branch made me to continue using the services of the bank	1 (.3)	22 (7.0)	43 (13.7)	146 (46.3)	103 (32.7)	4.0413		.87874
Neat and Professional appearance of the bank staff has made me to continue using the services of the bank	2 (.6)	17 (5.4)	21 (6.7)	129 (41.0)	146 (46.3)	4.2698	4.1309	.85597
The tools and equipments used by the bank can expedite the service delivery	6 (1.9)	6 (1.9)	37 (11.7)	155 (49.2)	111 (35.2)	4.1397		.83676
The ambiance and visual appearance of the bank has impact on customers' satisfaction	4 (1.3)	9 (2.9)	49 (15.6)	151 (47.9)	102 (32.4)	4.0730		.83955

Source: Computation from field survey data, 2017. The value in brackets shows percentage.

Tangibility in this study has four items. Out of these items, 'neat and Professional appearance of the appearance of employees' has scored the highest mean of 4.27 followed by the 'the tools and equipment's used by the bank can expedite the service delivery' which scored mean value of 4.14. Tangibility as an indicator has scored 4.13 grand mean which implies it is a good factor in retaining customers.

3.1.5 Customer commitment on banking services

This section reports on the perceptions and attitudes of respondents towards customer commitment indicators.

Customer commitment in this study has seven items and the majority of the items have scored above grand mean value. Specifically, "Customers' long term focus regarding their relationship with the bank has scored the highest mean value of 4.36 followed by 'being committed for certain duration is the only possible reason why I would not change to another bank' which scored grand mean value of 4.32. Customer commitment as an indicator has scored 4.26 grand mean value representing it is a good factor in customer retention endeavors of banks.

Table 5: Customer Commitment Indicators

Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Grand Mean	Standard deviation
I am proud to say to the people around me that I am a customer of the bank	1 (.3)	17 (5.4)	30 (9.5)	134 (42.5)	133 (42.2)	4.2095		.84870
I am particularly attached to the bank		11 (3.5)	32 (10.2)	132 (41.9)	140 (44.4)	4.2730		.78302
At the moment, I am remaining the customer of the bank by choice		9 (2.9)	31 (9.8)	126 (40.0)	149 (47.3)	4.3175		.76603
Being committed for a certain duration is the only possible reason why I would not change to another bank	2 (.6)	12 (3.8)	21 (6.7)	127 40.3	153 (48.6)	4.3238	4.2598	.81188
I will focus on long-term goals regarding my relationship with the bank	1 (.3)	14 (4.4)	19 (6.0)	119 (37.8)	162 (51.4)	4.3556		.81032
I intend to expand my business with this bank in the future	4 (1.3)	5 (1.6)	24 (7.6)	145 (46.0)	137 (43.5)	4.2889		.77933
I defend the bank when outsider criticizes it	5 (1.6)	9 (2.9)	49 (15.6)	154 (48.9)	98 (31.1)	4.0508		.85060

Source: Computation from field survey data, 2017. The value in brackets shows percentage.

3.1.6 Customer retention related questions

This section reports on the perceptions and attitudes of respondents towards customer retention indicators.

In this study the dependent variable 'Customer Retention' was analyzed by using four items. Accordingly, both 'The loyalty of customers' and 'customer's readiness to remain and work with their bank' scored the highest mean of 4.34. However, the other two indicators 'I am willing to invest my time, money and other resources into the relationship with this bank' and 'My confidence in the bank made me to remain with the bank' have scored below the average mean value.

Table 6: Customer Retention Indicators

Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Grand Mean	Standard deviation
I am willing to invest my time, money and other resources into the relationship with this bank		10 (3.2)	28 (8.9)	141 (44.8)	136 (43.2)	4.2794		
My loyalty to the bank has grown stronger over the past years	1 (.3)	11 (3.5)	21 (6.7)	128 (40.6)	154 (48.9)	4.3429	**4.3167**	.77986
My confidence in the bank made me to remain with the bank		11 (3.5)	31 (9.8)	125 (39.7)	148 (47.0)	4.3016		.78673
I am ready to remain and work with the bank	1 (.3)	11 (3.5)	21 (6.7)	128 (40.6)	154 (48.9)	4.3429		.77986

Source: Computation from field survey data, 2017. The value in brackets shows percentage.

4.0 Correlations Analysis

Table 7: Pearson's Correlation Values

Correlations		Customer Retention	Customer Satisfaction	Customer Trust	Switching barrier	Tangibility	Customer Commitment
Customer Retention	Pearson Correlation	1	.560**	.543**	.437**	.270**	.579**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	1260	1260	1260	1260	1260	1260
Customer Satisfaction	Pearson Correlation	.560**	1	.514**	.241**	.202**	.213**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	1260	1890	1890	1890	1260	1890
Customer Trust	Pearson Correlation	.543**	.514**	1	.272**	.202**	.249**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	1260	1890	1890	1890	1260	1890
Switching barrier	Pearson Correlation	.437**	.241**	.272**	1	.090**	.261**
	Sig. (2-tailed)	.000	.000	.000		.001	.000
	N	1260	1890	1890	2205	1260	2205
Tangibility	Pearson Correlation	.270**	.202**	.202**	.090**	1	.095**
	Sig. (2-tailed)	.000	.000	.000	.001		.001
	N	1260	1260	1260	1260	1260	1260
Customer Commitment	Pearson Correlation	.579**	.213**	.249**	.261**	.095**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.001	
	N	1260	1890	1890	2205	1260	2205

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Version 20 output 2017.

The level of association measured by Pearson's co-efficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The rule of thumb proposed by Field (2005) suggests that "moderate" ends at ±0.49, and "strong" starts at ± 0.50.

Accordingly, as depicted in the above table, three of the variables appear strong and said to be positively and significantly correlated at 0.01 level of significance since the correlation coefficients are greater than the agreed standard ±0.50.These variables are Customer Commitment at a coefficient of correlation 0.579 , Customer Satisfaction at a coefficient of correlation 0.560 and Customer Trust at a coefficient of correlation 0.543.However the two variables: Perceived Switching barriers which holds a coefficient of correlation 0.437 and Tangibility at a coefficient of 0.270 respectively have a relatively moderate level of correlation with the rest of variables since the moderate ends at ±0.49.

4.1 Regression analysis between customer retention and explanatory variables

The overall regression model and its ANOVA are summarized as follows:

Table: 8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770a	.592	.591	.49601

a. Predictors: (Constant), Customer Satisfaction, Customer Trust, , Perceived Switching barriers, Tangibility, Customer Commitment

R-squared is a statistical measure of the goodness of fit of the explanatory variables (customer satisfaction, customer trust, perceived switching barriers, tangibility and customer commitment). As shown in table 8, adjusted R Square value for the regression model was 0.591. This indicates the

explanatory variables; customer satisfaction, customer trust, perceived switching barriers, tangibility and customer commitment in this study able to predict or explain about 59.1 percent of the variance in customer retention.

It, therefore, means that besides these variables identified, other variables not yet in the model have a chance of contributing or predicting about 40.9% to customer retention level of the banks. Therefore, customer retention dimensions (customer satisfaction, customer trust, perceived switching barriers, tangibility and customer commitment) are good explanatory variables of the retention level of private commercial banks in Hawassa City Administration, Ethiopia.

Table 9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	448.136	5	89.627	364.302	.000[b]
	Residual	308.514	1254	.246		
	Total	756.650	1259			
a. Dependent Variable: Customer Retention						
b. Predictors: (Constant), Customer Satisfaction, Customer Trust, , Perceived Switching barriers, Tangibility, Customer Commitment						

The above ANOVA table also shows a strong relationship between the dependent and independent variables of the study with F-statistic or F-ratio of 364.302 for the overall analysis, and is worth-mentioning that the F-value is highly significant (as p=.000<.01). Thus, the variables can be considered as factors influencing customer retention level.

Table 10: Regression Coefficient Analysis of the Model

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.122	.106		1.148	.251		
	Satisfaction	.210	.020	.250	10.452	.000	.570	1.754
	Trust	.158	.021	.182	7.570	.000	.564	1.773
	Switching	.160	.014	.224	11.756	.000	.897	1.115
	Tangibility	.114	.017	.126	6.821	.000	.949	1.054
	Commitment	.370	.019	.383	19.758	.000	.864	1.157

a. Dependent Variable: Retention
Source: SPSS Computation version 2017

From the above finding we can develop the following regression model:

CR=.122+.210X1+.158X2+.160X3+.114X4+.370X5

Where, **CR** = Customer Retention

X1= Customer Satisfaction

X2= Customer Trust

X3= Perceived switching barriers

X4=Tangibility

X5= Customer Commitment

Coefficient analysis shows the relationship between dependent variable and independent variables. Accordingly, the above result confirms that except for the constant (βo), all the variables are found to be significant. This is to mean that in the absence of customer satisfaction, customer

trust, perceived switching barriers, tangibles and customer commitment, it is less likely for the customers to stay with their banks.

In the model, the five variables were entered as independent variables (customer satisfaction, customer trust, switching barriers, tangibility and customer commitment) and all variables had a statistical significant association with customer retention. As shown in Table 4.10, the variables that predict customer retention in order of importance were customer commitment with (β value =.383, p-value=.000), customer satisfaction (β value =0.250, p-value=.000), Switching barrier (β value =0.224, p-value=.000), customer trust (β value =0.182, p-value=.000) and Tangibility (β value=0.126, p-value=.000).

Here, 0.210 of $\beta 1$ coefficient indicates that a 100% change in customer satisfaction leads to an increase in customer retention level by a magnitude of 21%. On the other hand, 0.158 of $\beta 2$ coefficient indicates that a 100% change in the Trust between the bank and its customers leads to an increase in customer retention rate by 15.8%. Besides, 0.160 of $\beta 3$ coefficient interpreted as a 100% change in perceived switching barrier indicators could result in an increased customer retention rate by a magnitude of 16%. Furthermore, 0.114 of $\beta 4$ coefficient portrays a 100% change in Tangibility dimensions could result in an increased customer retention rate by a magnitude of 11.4 %. Finally, 0.370 of $\beta 5$ shows a 100% change in customer commitment could result in retention level of banks to grow by 37%.

5.0 Hypotheses Testing

The data obtained from the questionnaires were tested using a standardized beta coefficient value to determine the strength of the effect of each individual independent variable to the dependent variable. Multiple regression analysis was used to test the extent and significant levels between variables.

Table 11: Hypotheses Testing

Hypothesis	Beta	P-Value	Result
H1	.250	.000	ACCEPTED
H2	.182	.000	ACCEPTED
H3	.224	.000	ACCEPTED
H4	.126	.000	ACCEPTED
H5	.383	.000	ACCEPTED

5.1 Hypothesis one

The aim of hypothesis one was to test if customer satisfaction had influence on customer retention.

H0: Customer Satisfaction does not have a significant effect on customer retention.
H1: Customer Satisfaction has a positive significant effect on customer retention.

The result showed in Table 10 above indicates that customer satisfaction have a significant contribution to customer retention with β = .210, p=0.000 (p<0.05). It means that customer satisfaction has influence on customer retention. *Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis and alternative hypothesis is accepted that 'Customer Satisfaction has a positive significant effect on customer retention.*

5.2 Hypothesis two

The main objective of this hypothesis was to test if customer trust has an influence on customer retention.

H0: Customer trust does not have a significant influence on customer retention
H1: Customer trust has a significant influence on customer retention

As shown in Table 10, the result indicates that customer trust has a significant influence on customer retention with β = .210, p=0.000 (p<0.05). *Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis and alternative hypothesis is accepted that 'Customer trust has a significant influence on customer retention.'*

5.3 Hypothesis three

The main objective of this hypothesis was to test if switching barriers has influence on customer retention.

H0: Perceived switching barriers do not have a significant influence on customer retention.
H1: Perceived switching barriers have a significant influence on customer retention.

As shown in Table 10, the result indicates that perceived switching barrier has a significant influence on customer retention with β = .224, p=0.000 (p<0.05). *Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis and alternative hypothesis is accepted that 'Perceived switching barriers have a significant influence on customer retention.'*

5.4 Hypothesis four

The aim of this hypothesis was to test if tangibles have influence on customer retention.
H0: Tangibles do not have significant effect on customer retention
H1: Tangibles have a significant effect on customer retention

As shown in Table 10, the result indicates that Tangibility dimensions have a significant influence on customer retention with β = 0.126, p=0.000 (p<0.05). *Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis and alternative hypothesis is accepted that 'Tangibility has a significant effect on customer retention.'*

5.5 Hypothesis five

The aim of this hypothesis was to test if customer commitment has significant effect on customer retention.
H0: Customer commitment does not have a significant effect on customer retention.
H1: Customer commitment has a significant effect on customer retention.

As shown in Table 10, the result indicates that tangibles have a significant influence on customer retention with β = 0.383, p=0.000 (p<0.05). *Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis and alternative hypothesis is accepted that 'Customer commitment has a significant effect on customer retention.'*

6.0 Conclusions

The aim of the study was to assess factors influencing customer retention taking the case of selected private commercial banks operating in Hawassa city administration. Based on the objective of this thesis, the following conclusions are drawn from the above findings, discussions and summary of the study.

The first objective of the study was to analyze the influence of customer satisfaction on retention of a customer in a bank. The result showed in Table 10, indicates that customer satisfaction have a significant contribution to customer retention with β = .210, p=0.000 (p<0.05). Thus, it can be concluded that customer satisfaction has an influence on banks customer retention. This finding is supported by the works of Afsar and co-workers (2010), who revealed that customers should be satisfied for them to remain with their bank.

Examining the effect of customer trust developed by customers and its significant influence on customer retention was the second objective. As shown in Table 10, the result indicates that customer trust has a significant influence on customer retention with $\beta = .210$, $p=0.000$ ($p<0.05$).The finding in this work also affirms the findings of Gounaris (2003), who argued that the higher the level of trust, the more loyal the customer is to the firm.

The third objective was to examine the influence of perceived switching barriers on customer retention. As shown in Table 10, the result indicates that perceived switching barrier has a significant influence on customer retention with $\beta = .224$, $p=0.000$ ($p<0.05$). The finding in this thesis also affirms to the findings of Lee et al. (2001) who suggested the positive effect of switching barriers on customer retention since customers takes in to consideration the time and effort costs in order to switch to new service provider.

The fourth objective was to analyze the effect of tangibility on customer retention. As shown in Table 10, the result indicates that Tangibility dimensions have a significant influence on customer retention with $\beta = 0.126$, $p=0.000$ ($p<0.05$). The results support the findings of Mulugeta (2015), where he found that physical facilities and tools used for the provision of services have an important impact on customer retention.

The fifth objective was to analyze the effect of customer commitment on customer retention. As shown in Table 10, the result indicates that tangibles have a significant influence on customer retention with $\beta = 0.383$, $p=0.000$ ($p<0.05$). The result of the study confirms that commitment in a business relationship goes beyond satisfaction and commitment in a buyer-seller relationship is a crucial predictor of retention (Wilson, Soni & O'Keeffe, 1995). Fullerton (2005), also cited that commitment is positively related to intentions to repurchase.

In addressing customer retention related questions and their impact on retention itself the indicators of 'customers' willingness to invest their resources to remain in the relationship with the bank, 'customers' loyalty to the bank', 'customers' growing confidence over the bank' and 'customers' readiness to remain and work with the bank' were found to be strong in explaining customer retention.

7.0 Suggestions for Future Research

This study assesses the effect of the five independent variables; customer satisfaction, customer trust, perceived switching barrier, tangibility and customer commitment on customer retention endeavors of selected private banks operating in Hawassa city Administration. For further and future research, the following areas are suggested:

This paper has focused on selected private banks operating at Hawassa city Administration. So, it is possible to extend the scope of this research at country level for the whole industry players including the large size banks and the medium banks with similar model.

It could be possible to conduct further researches using comparative analysis among private and public banks in Hawassa city Administration, comparative analysis of private and public Banks across the nation.

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