

Determinants of Relationship Marketing: The Case of Ethiopian Airlines

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Abstract

Ethiopian Airlines is one of the most successful organizations in Ethiopia; however, there is virtually no formidable data on determinants of relationship marketing. Therefore, the objective of this study is to assess the determinants of relationship marketing on overall relationship quality of Ethiopian Airlines. The study employed both quantitative and qualitative study approaches. Both domestic and international flight clients, who fly Ethiopian during the study periods, were respondents for the five Likert scale survey questionnaire. Semi-structured key informant interview was also conducted with employees of the organization. As the theory predicts, this study also confirms that conflict handling is the first strong contributor followed by commitment, communication, and trust. In addition to this, descriptive and interview results show that the airline relationship quality is good; sociable; and show good hospitality. While the airline is generally successful in maintaining quality relationship with its clients, certain problems such as poor conflict handling, unequal customer treatment, and delays in informing flight schedule changes require attention.

Index terms— relationship marketing, antecedents, ethiopian airlines.

1 Introduction

uilding relationships is how you relate to and communicate with people. Relationships with others have been used from time immemorial to cope with the complexity of everyday life. Relationship marketing is one of the oldest and yet the least understood approaches to marketing (Morgan & Hunt, 1994). It is a broad topic and many scholars and researchers have approached it from different perspectives. It is becoming one of those fashionable concepts that every marketer and manager uses ??Morgan & Hunt, 2007). Ganesan (1994) states that relationship marketing practice is different from transactional marketing practice as transactional exchange has a distinct beginning, short duration, and sharp ending by performance, whereas relational exchanges commences with traces to previous agreements, has longer duration, and reflects an ongoing process. In relationship marketing the solution is the relationship itself but in transactional the solution is the product in the form of physical goods and service.

Relationship marketing is more applicable especially for service provider organization like Ethiopian Author : University of Gondar, Ethiopia. e-mail: adanechg@gmail.com airlines; it is process consumption than outcome consumption. So, the consumer perceives the service production process as part of the service consumption and not only the outcome of a process as a traditional consumer. In addition, service by its nature, is less tangible, less consistent and more perishable, and customer and seller are more involved in the production as well as consumption of service. Thus, providing customized service and personal communications are highly needed especially in today's volatile environment (Varki and Wong (2003).

The dimensions of relationship quality vary according to the study setting. Constructs of relationship quality is a combination of trust, commitment, communication, conflict handling, and satisfaction, goal congress, investment and profit (Naudé & Buttle, 2000). However, according to the findings of different scholars, each determinant's magnitude on the relationship quality of the organizations is different ??Palmatier et al. ,2006), (Ndubisi, 2007), (Jela and Alwieie, 2010b), and Negi ,2010) So in this study I am interested to investigate

the degree of the impact of each of the determinants quality of customer relationship in an Ethiopian service providing company, Ethiopian airlines. The rest of the paper is organized as follows. A First the research problem, objective of the study and review of previous researches are presented independently. This is followed by theory and hypotheses, and a short description of the methodology is presented. Finally results are discussed and conclusion and recommendations are forwarded.

2 II.

3 Statement of the Problem

Studies in service marketing have not reached a consensus in identifying the main determinants of maintaining quality customer relations. For instance, Palmatier et al. (2006) find that relationship marketing antecedents have a wide range of effectiveness for generating strong relationships with customers, and communication is the most effective relationship building strategy. It sets the ground and expectation of clients that will be the basis for their satisfaction. In the contrary, poor communication or conflict that arises due to some other reason has a larger negative effect than the positive impact of any relationship marketing antecedents. So, all proactive relationship marketing effort may be wasted if customer conflict is left unresolved. Similar study has been conducted by Ndubisi (2007) and he states that trust contributes more significantly than conflict handling commitment, communication respectively to the overall relationship quality. Hence, as the study shows, when building relationship quality is the goal, trust is an appropriate starting point, followed by good conflict resolution, commitment and communication.

In the contrary, Ndubisi (2007) Despite the relevance quality firm-customer relationship s to any service providing company and especially for those companies that operate in a global scale, we have very limited studies to date about customer relationship quality in Ethiopia. Taking the largest and the most global Ethiopia Service Company, this study focuses on assessing the relationship marketing of Ethiopian Airlines with customer. The researcher designed the following two basic research questions. Do the words and actions of the firm contribute to firm-customer relationship quality? Is there any significant difference in their level of contributions? For instance, do trust, commitment, communication, and conflict handling contribute equally or differently to relationship quality of the airlines?

Several studies have also been conducted, as well, to identify determinants' magnitude on relationship quality in various developed countries. However, they could result in dissimilar conclusions. Moreover, to date, there are few studies that include all key relationship antecedents such as communication, commitment, trust, conflict handling in developing countries context. Again, no such study has been conducted empirically in Ethiopian airlines exclusively focused on determinants of relationship quality. This study, therefore, assess the determinants of relationship marketing on overall relationship quality of Ethiopian airlines.

4 III.

5 Objectives of the Study

The main objective of the study to investigate the determinants of relationship marketing on overall relationship quality of Ethiopian airlines.

IV.

6 Literature Review

This section of the study discusses the literature focuses on the overview of relationship marketing determinants and the empirical studies on determinants of relationship quality.

7 a) Overview of Relation Marketing

In today's volatile environment the working condition for any businesses are very challenging due to ever-growing competition, the continuous increase in customer expectation and customers' subsequent demands as service improves (Kotler, 2003). Moreover, customers are becoming increasingly critical about the quality of service they experience. These reasons seem to force organizations to practice relationship marketing by adopting proactive strategies which will assist them to take the lead in the marketplace (Hani and Chalasani, 1992). Because relationship marketing helps the organization to have an integrated effort to identify, maintain, and build up a network with individual consumers and continuously strengthen their relation with contact over a long period of time.

Specially, in today's world, businesses are increasingly dependent on the relationship they have with their suppliers and are demanding that they adhere to high standard. The effectiveness of customer-employee relationship has been recognized as being critical for service sectors. In this regard Varki and Wong (2003) examined the role as well as the expected benefits of voluntary involvement of consumers with various service providers and found that consumers might be more interested in service providers whose services they perceived to be more involving (Varki and Wong, 2003).

8 b) Empirical Studies on: Determinants of Relationship Quality

When companies want to practice relationship marketing, they should know its determinants' impact or contributions for the presence of having good relation with client like commitment, trust, conflict handling, communication, etc., and their relation among them. Because various researchers proves it for instance Hsieh and Hiang (2004,), and Auh (2005) relationship between customer and service employee has a positive impact for the presence of relationship quality of the organization since employees' social skills and their motivation for the work exert a strong influence on satisfaction with customers.

Moreover, various researchers Jela and Alwieie service providers should be committed enough and develops excellent cooperation with customers. Ultimately, they can bring good relationship quality. Based on the above justification, the researcher forward the following hypothesis: Commitment maintains significant positive contribution to firm-customer relationship quality.

Again, Ndubisi (2007), and Negi, (2010), have assessed relationship quality with similar variables in the case of Banks of Malaysia and Ethiopian telecommunications respectively. In their study conflict handling is an important relationship builder. Since it is difficult to achieve perfect service all the time, it is better to have problem solving strategy like reactive and proactive. Therefore, organization should identify that factors that drive a customer to the competitor may not be occurrence of a problem per se, but how the problem was handled. A major problem that is resolved satisfactorily may leave in its wake a happy and loyal customer, but a minor issue that is not solved carefully could result in problems. These efforts would bring about better relationship quality with customers. Based on the aforementioned information, I can hypothesis that:

Keeping conflict handling has a significantly positive contribution to firm-customer relationship quality of Ethiopian Airlines.

Contrary to this, Ndubisi (2007), also states that trust which contributes most significantly than commitment, communication and conflict handling to overall relationship quality. When identifying relationship quality as a goal, trust is an appropriate starting point, followed by good conflict resolution, commitment and communication. Based on the above justification the researcher states the following hypothesis: : Maintaining and developing trust has a significantly positive contribution to firm-customer relation quality.

Similarly research has been done by Anderson and Narus (1990), Ndubisi and Chan (2005) with similar variables of relationship marketing. However, they reach at dissimilar conclusion and they indicate that communication is a prerequisite for building trust among exchange partners since it is a means of providing information on service; fulfilling their promises; and providing information if delivery problem occurs. Therefore, it is the communicator's task to build awareness, build consumer preference by promoting quality, value, performance and other features, convince interested buyers, and encourage them to make the purchase decision.

This implies that communication also keeps dissatisfied customer informed about what the i.e., before, during and after service delivery. Based on the above reasoning it is possible to hypothesize that Upholding communication skills has a significant positive contribution to firm-customer relationship quality.

A cross-sectional survey was selected for this study because it is easy to undertake when compared to longitudinal survey and the result from the sample can be inferred to the larger population. In addition, some extraneous factors could have manifested in the observed change other than the variable of interest (Akinyele, and Samuel, 2010). The study population was the employees and customers of Ethiopian airlines. From this population, a sample was drawn from customers who are vesting one of the three ticket offices of Ethiopian airlines in Addis Ababa, Namely, Helton, National and Piasa. The sampling locations were chosen by employing stratification, purposive and simple random sampling respectively.

The total sample size for the study was 422 and the data were collected until this predetermined sample size is reached. The primary data for the study was collected through survey method by using the standardized structured self-administered questionnaires from the customer and interview were takes place from the top management of the airlines. Questionnaires were composed of both open and closed ended. Closed ended questionnaire with five-point Likert type scale, ranging from 'both extremes that is 1 as 'strongly disagree' to 5 'strongly agree' were prepared in English, and were translated to local language accordingly to increase the quality of the tools.

The questionnaire items were adapted from different sources. Communication four items were adapted from Ndubisi (2007) and Palmatier etal. (2006), conflict handling four items from Negi (2010) and Morgan and Hunt (1994), trust seven items from Negi (2010), commitment three items from Morgan and Hunt (1994),finally relationship quality four items from Ndubisi (2007) and ??organ and Hunt (19940).

Data was checked d for consistency and completeness on daily basis then data was coded, checked, and entered to computer. Finally, it has been processed and analyzed by Statistical Package for Social Sciences (SPSS) version 15 for windows. To analysis the data, different kinds of statistical methods including descriptive statistics like percentage and inferential statistics (correlation and multiple regressions) were used. organization is doing to rectify the source of dissatisfaction. Similarly, Gronroos (2004), states that communication should be arranged in a whole process, VI.

9 Findings of The Study

This section of the study focuses on the descriptive and inferential statistical results.

10 and table 3

As a description of the respondents show, table.1 , the majority of the respondents, 72%, are between the age of 19-40, with educational background of a bachelor's degree or above and have an income range of either below 3000 or above 5000. Moreover, both customers of Ethiopian and foreign nationals are well represented in sample. Table2. Also shows that conflict handling is highly ranked as the most important determinant followed by trust and commitment. Interestingly, however, conflict handling is also the least ranked as a determinant of relationship quality. These results are confirmed by the regression results in table 3. As it is shown from table 3, all the variables have positive and significant contributions for relationship quality of Ethiopian airlines.

Therefore, there is enough information in table 3, to support the four hypotheses H1, H2, H3, and H4 and there is significant relationship (0.1 percent significance level) between determinants (trust, conflict handling, commitment, communication) and relationship quality.

Besides, the positive sign of the estimates show that the higher the level of trust, the more committed the employees are, and the greater the ability of the employees to handle conflicts, the better the satisfaction of the customers of the airlines, and finally the higher quality relationship of the airlines.

Keeping conflict handling has a significantly positive contribution to firm-customer relationship quality of the airlines. This hypothesis correlated two variables: conflict handling and relationship quality in testing hypothesis one. The finding showed a significant positive relationship between these two variables.

The findings of this study also supported the results of other previous studies and result corroborate Ndubisi (2007), Negi (2010) and ??almatier et.al. (2006). In addition to this, the findings of the descriptive statistics revealed that all in all, the study participants valued conflict handling of employees of the organization positively in such a way that more than 48% of the respondents valued conflict handling of the staff as good and above. However, 31% of the respondents valued it as poor. So, the problem seems to be very much conspicuous. Therefore, Ethiopian airlines should give higher value for conflict handling methods of the staff to be selective in the eye of the customers.

: Commitment maintains significant positive contribution to firm-customer relationship quality of the Ethiopian airlines. The second strongest and and Mowday et al., (1982) however, the level or degree of contribution each is different.

Moreover, the findings of the descriptive statistics revealed that all in all, the study participants valued commitment of employees of the organization positively in such a way that more than 60% of the respondents valued commitment of the staff as good and above. To the opposite, 27 %, of the respondents valued it poor. To get the reciprocity benefit, the airline should be committed towards serving its customers.

Upholding communication skills has a significant positive contribution to firm-customer relationship quality. In this study the third significant and positive contributor of relationship quality of the airlines is communication. The result is also similar with Anderson and Narus (1990), Ndubisi , Chan (2005) and Gronroos (2004). However its magnitude is still different.

Moreover, the descriptive results show that 49% of the respondents valued communication skills of employees as good and above. In the contrary, 34.5% of the respondents evaluated it poor. This shows that the communications skills of the employees are far from perfection. Therefore, they have to work hard to improve the communication skill of the staff for the sake of creating special and unique felling on the customers.

Maintaining and developing trust has a significantly positive contribution to firm-customer relation quality. The last positive and significant contributor of relationship quality is trust. The result of this determinate is also exactly similar with finding of, Jela and Alwieie (2010b).

However, its magnitude is different with the finding of Ndubisi (2007), Anderson and Narus(1990), Chan (2005) and Gronroos (2004). In addition, about 54% of the study participants evaluated the degree of trustworthiness of employees of the organization as good or above. However, still, there is formidable proportion of customers who were not happy with the degree of trustworthiness of employees showing that the Ethiopian has to address this gap of employees' behavior as well.

Generally, the investigation made on the determinants of relationship marketing by various researchers at different periods did not show consistency in their degree of contribution. For instance, Jela and Alwieie (2010b) indicated that commitment has a great influence on relationship quality, whereas, trust has the least contribution for the existence of relationship quality than conflict handling and communications. In the contrary, Ndubisi (2007) and the starting point to have good relationship quality of the organization To sum up, the findings of this study, conflict handling and trust for this study are in line with the findings of Negi (2010) and Jela and Alwieie (2010b) respectively. However, the contribution of other determinants is quite different. These differences may be partly explained by the following factors:

1. Characteristics of study participants
2. Methodology of data analysis
3. The difference in the sectors in which the studies were conducted
4. The different social and cultural contexts beyond the industry that differs across countries

For example, in this study 80% of the respondents were degree holders and above, more than 46% of them earned more than 5000 ETB, and more than 40% of the study participants were foreigners.

These background characteristics of study participants may impact on their perception as well as their expectations while they evaluate the employees of Ethiopian Airlines relationships. This in turn will cause differences in findings of studies. Concerning methodology, besides multiple regressions (this study exclusively used), different senior researchers applied factor analysis to identify the relationship determinants contribution on quality relationship of different organizations.

In addition to the regression analysis and descriptive result insights from responses to the open ended questions about the general interactions of employees with customers of Ethiopian airlines seem to suggest two contrasting judgments for and against the quality of customers' relationship in this company.

Majority of the customers were in favor of Ethiopian airlines and suggested that employees provide a welcoming response; Ethiopian Airlines is the center of excellence for service exchange, there is good hospitality, employees are very much friendly and sociable to handle customer relationship starting from getting ticket up to final destinations, especially for international service.

In contrary to this, some of the customers respond that domestic passenger's relationship has many problems such as: lack of respect, lack of cooperativeness, delays, loss of passenger's bag, lack of flexibility, belt problems, and update customers at the time of flight delays or cancellations. Moreover, discriminations between foreign customers and Ethiopian are big problems in both international and domestic flight.

To triangulate the survey result interview were done with key informant employees of the airlines. Since So to keep its successful position in the sector, to keep on improving its service than before, to be a first choice for the clients and maintain its , it has designed 20/25 years of strategic planning and making the domestic service independent from the international service and leaving it for self-decision. Besides, EAL has different means of checking whether employees are trusted, committed to their responsibility as well as for their customers by conducting audit, and monitoring each employee's daily activities by the delegated bodies of the airlines. Moreover, -, Key performance indicators (KPI) is the other means of checking whether employees are behaving in line with the airlines value of "customer is a king". In addition to this, the airlines provide training program and giving continuous training for these lower performer as well as new employees to make the service more attractive than before.

To motivate and satisfy the customer, the airline used different means of promotional practice such as Sheba Miles (getting extra baggage allowance, simple for reservation, free ticket, and bonus) and giving discount for upgrading and encouraging the firmcustomer relationship quality. The airlines also conducted survey on from the international customers and analyzed it semiannually and quarterly'.

To sum up, with its unprecedented devotion to expand and grow as leading airline both in the continent and worldwide, the management of the airline is working towards increasing its competitiveness by upgrading its employees skills, promote their commitment and at the same time tracking the customers response periodically to head towards its vision successfully. To the extent that employees are the images of the airlines with whom customers interact, the research result shows that all in all employees are very much friendly and sociable and center of excellence especially in Africa.. However, there are two main problems that remain unresolved. This is problems of discriminations between foreigners and Ethiopians, and problems of domestic flight services. Based on the interview results the problems of domestic flight service were already recognized and the airline is ready to solve this by designing a 20/25 years strategic planning, but the problems of discrimination is still not recognized by the airline even if it conducts survey quarterly and semi-annually.

The aim of the paper is to assess the determinants (trust, conflict handling, commitment, ¹

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Figure 1: (

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Variable	Variable categories	Frequency	Percentages
Sex	Male	248	72.7
	Female	93	27.3
Age	19-29	105	30.8
	30-40	141	41.3
	41-51	78	22.9
	52-62	15	4.4
	>63	2	0.6
	≥63	2	0.6
Educational Background	Grade 12 complete	16	4.7
	Diploma holder	49	14.3
	Degree holder	167	49.0
	Masters holder	93	27.3
	PhD and above	16	4.7
Monthly income	1500-3000	114	33.43
	3001-5000	69	20.2
	>5000	158	46.37
Nationality	Ethiopian	202	59.24
	Foreigners	139	40.76

Figure 2: Table 1 :

2

	Key determinants of relationship marketing (independent variable.)	Strongly agree %	Agree%	Neutral%	Disagree%	Strongly disagree%
1.	Commitment	22.58	37.58	12.9	10.26	17.72
2.	Trust	23.17,	30.79	25.81	12.9	7.33
3.	Communication	17.01	31.6	16.72	14.06	20.53
4.	Conflict handling	26.98,	20.82	20.53	10.85	20.5
Dependent variables						
5.	Relationship quality	21	33.7	23.7	14.96	6.55

Figure 3: Table 2 :

3

Variables	Standardize Beta Coeffi- cient	t-value	p-value
Commitment	0.203	11.256	0.000
Trust	0.190	8.548	0.000
Conflict handling	0.229	12.752	0.000
Communication	0.210	11.295	0.000

Figure 4: Table 3 :

Generally the key importance of this study is:

? the presentation of the significant impact of the determinants of relationship marketing namely trust, commitment, communication, and conflict handling on relationship quality; and ? The different contributions of the determinants' of relationship marketing relationship quality of the airlines.

Determinants of the relationship marketing in this study have positive and significant contribution for firm-customer relationship quality of the Ethiopian airlines and the magnitude of their contribution for relationship quality is also different. For instance in this study conflict handling is the first and highest contributor for the existence of relationship quality for EAL's followed by commitment, communication and trust. This research has some implications on customer relationship management by service provider organization like Ethiopian airlines. The results indicate that it is at the best interest of the airline to assure whether employees are open and honest with customers, whether employees are willing to help customers, whether employees fulfilled its promises for the customers, whether employees could discharge their obligations, whether they could provide a consistent service to the customers, whether employees are very concerned with providing secure service to customers and whether employees paid respect to customers for the sake of satisfying customer and ultimately achieving relationship quality of the airlines.

An Ethiopian airline is competent enough in its relationship quality. The relationship quality is good; employees provide a welcoming response; it is center of excellence for service exchange, there is good hospitality, employees are very much friendly and sociable to handle customer relationship starting from getting ticket up to final destinations, especially for international service.

Therefore, the managerial implication of the study for Ethiopian airlines is they have to give a due attention at the time of hiring and training of new as well as the existing employees. If so, it will be possible for the Ethiopia airlines to keep its current position in the market and realize its goal of being a competent airline beyond Africa, in the globe.

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