



Does Consumer Bond and Business Reputation Affect Attitude of Customers Towards Performance of the Business Organizations? The Case From Selected Hotel Industry in Ethiopia

Dereje Dinsa Negeri

PhD. Scholar, College of Business and Economics Department of Marketing Management, Bule Hora University, Bule Hora, Ethiopia.

Abstract - This study was investigated how Consumer Bond and Business Reputation affect the attitude of customers towards performance of business organizations; the case from selected hotel industry in Ethiopia. Because company's reputation mostly depends on consumer satisfaction in un stable markets. Due to this fact, the current study was conducted to examine customer's attitude in line with Consumer Bond and company's reputation. Due to ambiguity in the Ethiopian market, no company can go smoothly in this un balanced market. In order to attain the main objectives of the study, data were collected from registered hotels operationalized in Ethiopia, Oromia Regional States of East Guji Zone (Negele, shakiso and Adola) towns Medium sized hotels those are verified by the Zonal Culture and Tourism Office (ZCTO). Farther more, Structured questionnaires were employed and a total of 358 questionnaires were distributed to the top management employees and 358 responses were received. For hypothesis testing, AMOS (Analysis of a moment Structure) was used. In this case, the Factor Analysis (FA) which is the pre requisite for SEM (Structural Equation Modeling) was employed. Accordingly, the findings reveiled that, Consumer Bond and Business Reputation have a positive and significant effect on organizational business performance.

Keywords: Consumer Bond, Business Reputation, Customers attitude, Hotel industry.

1. INTRODUCTION

To begin with, the marketing expert is enforcing to gain organizational business performance for the long term inservice industry (Javed & Cheema). Farther more, previous study has been indicated the significance of organizational business performance. How ever, still it is one of the most tackling factor for the service sector. The reason for managers failure to gain reputative customers is due to high uncertainty in the market (Aramburu & Pescador, 2019). Adding to this, a lot of studies underline manager's failure to gain a high level of organizational business performance and maximize the profit. Accordingly , they could not succeed to find the factors which enhance the organizational business performance (Rather & Hollebeek, 2019). Due to the management of poor policies and strategies, poor reputation from the customers and dissatisfaction of the final product is seen in various literature (Wolter et al., 2017, Khan et al. 2022) . Farther more, most of the organizations are not adequately caring about the customers' demands and desires, attitudes, and trends, due to lack of management attraction with customers (Herhausen et al., 2019). As a results of these facts, various organizations are lost their loyal customers as well as fail to attract new customers. Because, the attraction of new customers and retain it for long term can be achieved through strong customer relationships management .How ever, strong consumer bond alone is not guaranty for attracting customers, Business Reputation should be enhanced to sustain satisfaction and



loyalty. Accordingly, in this study, we examine the effect of consumer bond and Business Reputation on customer loyalty, with mediating role of customer satisfaction. In this case, the current study helps organizations to enhance profitability by improving organizational business performance. In addition to this, organizational business performance has become a major predictor in the business world, because of its crucial role in business success (Bahri- Ammari & Bilgihan, 2019; Paparoidamis et al., 2019). Based on recent research work, we believed that customer satisfaction is a suitable mediator to be tested between consumer bond and faithfulness as well as between Business Reputation and loyalty. Therefore, on the basis of the above discussion, customer's loyalty can be achieved through the satisfaction factor among consumer bond and Business Reputation in emerging economies. As a result, the current study was aimed to assess how Consumer Bond and Business Reputation affect Customer's attitude towards organizational business performance: the case from selected hotel industry in Ethiopia.

2. OBJECTIVE OF THE STUDY

Specifically, the study will aim to address the following objectives:-

- To analyze how Consumer Bond affects the attitude of customers towards organizational business performance
- To examine whether Business Reputation affects the attitude of customers towards organizational business performance
- To determine the effect of Consumer Bond and Business Reputation on changing customer's attitude towards organizational performance

3. HYPOTHESIS

H1: Consumer Bond affects the attitude of customers towards Organizational business performance

H2: Business Reputation affects the attitude of customers towards Organizational business performance

H3: Consumer Bond has a significant effect on attitude of customers towards Organizational business performance

H4: Business Reputation has a significant effect on attitude of customers towards Organizational business performance

4. LITERATURE REVIEW

Concept of Consumer Bond

According to Manjula, Kalidoss and Idhayajothi (2014), Consumer Bond is the main business approach that can deliver the value at a profit to targeted customers. Furthermore, Anshari et al., (2009), state that, CB is a strategy to appealing potential customers, retaining prevailing customer and extending new amenities to loyal customers. On the top of that, CB is a front-end framework for at whatever organization, which is specifically managing clients (Anshari & Lim 2018). In this case, Hotel industries were attempt to hold existing consumers and pulling new consumers through Consumer Bond. Due to this facts, in this competitive environment, CB is very important for hotel sector (SreedharV & Davy, 2015). As described by



Anshari et al., (2009) , in today's economy to gain and sustain competitive advantage CB has curved into a top need for organizations. Additionally, CB is the foundation of success for several financial business organization (Akhtar et al. 2022)

Business Reputation

The term “reputation” is defined by Gotsi and Wilson (2001) as the sum of its numerous stakeholders’ assessments. The term “reputation” refers to stakeholder experiences that serve as a communication message.(Esa et al. 2022) As a result, Depending on the study, reputation can refer to a variety of things, although it most commonly refers to an intangible asset (Gaultier-Gaillard & Louisot, 2006). Therefore, Corporate reputation, according to Fombrun and Shanley (1990), is the result of a company’s prior actions and future expectations, which resulted in a favorable assessment of the company in comparison to its competitors. By comparison, reputation can be compared to coastal dunes, which gradually develop a protective barrier but are constantly eroded by storms and tides. The ocean, to continue the comparison, reflects popular opinion. Indeed, a company’s reputation is a critical factor in determining its long term viability and success (Tangngisalu et al., 2020). Additionally, a wide range of factors has been identified that contribute to a good reputation. Reputation can positively affect customer’s attitudes towards organizational business performance and better access to the financial market, institutional investment, and share price. In this regard, there is evidence that corporate governance can boost a company’s reputation as well as create competitive advantage and influence corporate performance and organizational business performance (Gabbioneta et al., 2007; Ljubojević & Ljubojević, 2008). Due to these facts, in today’s volatile economic climate, a company’s reputation and trust worthiness are vital to its stakeholders. A positive reputation provides a lot of benefits, including the capacity to maintain trust and confidence over time among customers, investors, vendors, and other stakeholders. In some cases, having a bad reputation can have a detrimental influence on clients, employees, and eventually the company. While a company’s reputation is formed on facts about the company (i.e., products and services, strategy, management, staff efficiency, and the marketplace), company communication is critical to the company’s overall reputation and image in the eyes of the public. Thus, in order to increase stakeholder awareness of how businesses are managed, there is a need to increase transparency and disclosure to transmit the company’s information.(Esa et al. 2022)

Customer Attitude

By the effective use of CB companies may change the approach of customers towards hotel services. To satisfy and retain the customers , CB is very reliable and strong tool for the companies (Saifullah Hassan, Nawaz, Lashari, & Zafar, 2015). Sreedhar V & Davy ,(2015) conclude that, the banks are improving customer relationship to attract new customer and hold existing customers by the effective implementation of CB. According to Keshvari, (2012), for the effective Consumer Bond , the main element which should be focused are customer attitude in financial institutions and hotels. In this regard, CB should be focused as the strategy which purpose is to provide outstanding services to customers by maintaining long term relations. In different societies customers have different brand preferences and these preferences Can affect the attitude of customers and organization relationship. The main concern of CB is to organize customer relations through all business operations, audiences, ways of communication and interaction.(Akhtar et al. 2022)

Conceptual Frame work Model of the Study

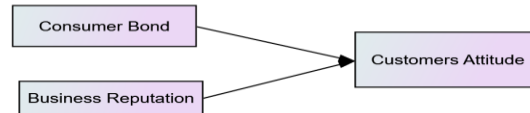


Fig -1: Conceptual Framework Model of the Study
Source: Drown by the researcher (2023)

5. METHODOLOGY OF THE STUDY

Sample Design

The study would make preference towards quantitative research design for acquiring statistical data and information from participants of the research and become able to execute a valid, representative, and reliable research regarding effects of CRM and Business Reputation on customers attitude towards organizational business performance .

Sampling procedure and Sample Size

There are around 3008 estimated customers in 3 hotels and 358 of the total population is taken as the sample size. The selections of the respondent for this study will random sampling and purposive sampling for customers, hotel workers and hotel managers. Since the zone is so large in size, 358 respondents would be selected. The target populations are customers, hotel managers' hotel workers and more over 3 town culture and tourism office managers were purposely selected for responding the questionnaire. The sample size (358) would be determined by using the following Yemane (167) formula

$$n = \frac{N}{1 + N(e)^2}$$

Where

n= Number of sample size

N=Total number of population

e=precision error, where value of e =0.05

Then, n= 3008

$$1 + 3008(0.05)^2 = 358$$

Method of Data Analysis and Presentation

The powerful statistical tool known as “Structural Equation Modeling” (SEM) would be employed for data analysis, the SEM simultaneously pool structural model known as path analysis and measurement model known as confirmatory analysis (North dakota state university 2016) SEM is capable of handling multiple relations simultaneously and efficiently.

Reliability Testing for Pretested Dimensions

The reliability analysis was performed and data was prepared for hypothesis testing, and the Pearson correlation would be calculated to show the relashinship between overall effects of Consumer Bond and Business Reputation on customers attitude towards Organizational business performance

6. RESULT AND DISCUSSION

Correlation Matrix

As stated by (Juile, 2005; Field, 2013), the correlation of items to each other > 0.3 is Acceptable. Accordingly as the following correlation table value indicated, all variable items have significant r value. Therefore, Consumer Bond and business reputation has asignificant effect on the attitude of customers toward business performance of an organizations

Table -1: Correlations Matrix Result

		CBav	BRUav	CAav
CBav	Pearson Correlation	1	.913**	.892**
	Sig. (2-tailed)		.000	.000
	N	400	400	400
BRUav	Pearson Correlation	.913**	1	.967**
	Sig. (2-tailed)	.000		.000
	N	400	400	400
CAav	Pearson Correlation	.892**	.967**	1
	Sig. (2-tailed)	.000	.000	
	N	400	400	400

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

Source: Correlation Analysis result (2023)

Table -2: KMO and Bartlett’s Test Result

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.743
Bartlett's Test of Sphericity	Approx. Chi-Square	1804.515
	Df	3
	Sig.	.000

Source; FA Result(2023)

As indicated in the table above, the KMO test values for this study factor is 0.743 which is good (Kaiser, 1974). The Bartlett's test is significant at (p=0.000) indicated that the data were reliable and suitable for factor analysis. In other words, the 0.743 values of KMO result shows the strength of the relationships among variables are very strong.

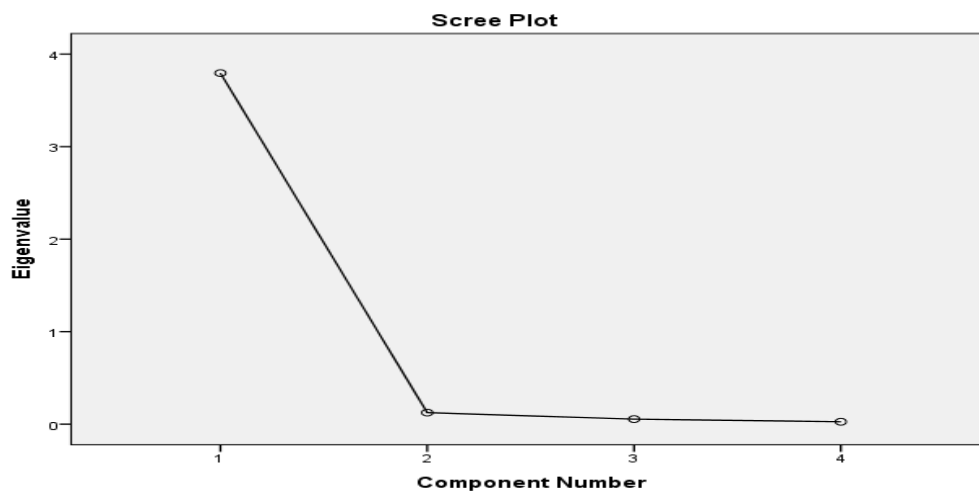


Fig -2: Scree Plot

The scree plot shows that ,the distribution of the variable items are fairly destributed and good for model fit

Reliability Statistics

Table -3: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha based on Standerdised item	N of items
0.854	0.852	22

The Cronbach’s (α) alpha is used to measure the reliability of each group. The established values by a qualitative study on SME North Dakota State University (2016) is 0.70 to demonstrate the internal consistency of the scale as shown in table below. Farther moe, the criteria for demonstrating internal consistency is considered terrific if $\alpha \geq 0.9$, good, , for $0.7 \leq \alpha < 0.9$, acceptable, for $0.6 \leq \alpha < 0.7$, weak for $0.5 \leq \alpha < 0.6$, and unacceptable for $\alpha < 0.5$ (Flynn, Schroeder, & Sakakibara, 1994; George & Mallery, 2003; Hair, Anderson, Tatham, & William, 1998; Kline, 1999). Therefore, the value of 22 items seen in the following reliability statistics table shows that, Cranbach’s alpha result is 0.854 which was acceptable result for items extracted

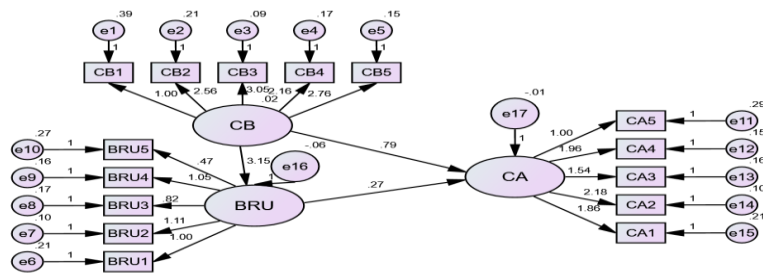


Fig -3: CFA Model Result Shows Effects of all Variables (CB,BRU,CA)

Model fit: X2-IS, CMIN/DF=1.277, GFI= 0.955, AGFI=0.925, CFI=0.986, RMSEA-0.028

According to the above model result, X2=CMIN/DF=1.277, GFI=0.986, AGFI=0.925 , RMSEA=0.028, CFI=0.986 which shows the good fitness of the model and each independent variable Consumer Bond(CB), and Business Reputation(BRU) have a significant effect on dependent variable Customer’s Attitude(CA) towards organizational business performance.

7. HYPOTHESIS TESTING

Table -4: Hypothesis Testing

Hypothesis	Tool	Result
H1: Consumer Bond affects the attitude of customers towards Organizational business performance	SEM	Significant
H2: Business Reputation affects the attitude of customers towards Organizational business performance	SEM	Significant
H3: Consumer Bond has a significant effect on attitude of customers towards Organizational business performance	SEM	Significant
H4: Business Reputation has a significant effect on attitude of customers towards Organizational business performance	SEM	Significant



Source :survey result by SEM analysis (2023)

8. SUMMARY OF FINDINGS

To begin with, Because of their unique economic and organizational Performance, increasing Consumer Bond and Business Reputation attitude is a key point in achieving long lasting organizational business performance. When an organization takes work on insuring organizational business performance, it become profitable and sustain for a long period of time without facing bankruptcy. To do this, it is important to know the effect of customer relationships and Business Reputation on Customer's attitude towards organizational business performance. According to the analyzed result, both Consumer Bond and Business Reputation affects customer's attitude towards organizational business performance and also has significant effet on organizational business performance

9. CONCLUSIONS

Currently, organizational business performance has curtailed role for the development of hotel industry in order to become more profitable and sustain for a long period of time. It is also known that customer is a king especially in a business industry, because no customer no business. Therefore, to achieve organizational business performance, dong well on performing Consumer Bond, and Business Reputation are a key point in changing customers attitude on organizational business performance. To perform well on Consumer Bond and Business Reputation , which leads the hotel industry to hierarchy of profitability, the top management support, as well as the ideas of creativity that leads to innovative ideas which has curtail role in attracting and changing the customers attitude is very important point. Innovative Human Resource is very important in bringing organizational business performance. In this case, if the man power of the company is creative new ideas, the customers are attracted by that new idea which leads to new and quality service. To do this, employing creative and trained Human Resource is important for the company/hotel/industry. Business Reputation is the customer's attitude towards the company/hotel/. If the customer's attitude toward the hotel/company/is positive, the possibility of sustaining organizational business performance is high and if the customer's attitude towards the company is negative, there is aloes of organizational business performance which is risky for the company. Therefore, in order to increase Business Reputation, doing for the better service which leads to customer's positive attitude is very important. Generally, as the current study shows, Consumer Bond (CB) and Business Reputation (BRU) has a significant effect on Customer's attitude towards organizational business performance . As a result of this fact, performing well on those key variables that leads to organizational business performance for the success of business organization specially hotel industry is very important. Therefore, the company/hotel/ owners have to give emphases on performing CB and BRU so as to Change customers attitude on business performance of hotel industry.

10. IMPLICATION OF STUDY

The outcome of the study is quite relevant to the company /hotel/ owners who will adopt the Consumer Bond to enhance their organizational business performance. Further, the result is relevant to the government specially culture and tourism office who will follow the quality and efficiency of hotels for quality services and image of the town and the implementation of effective Consumer Bond which leads to organizational business performance could enhance their revenue generating potential that would accelerate the economic growth of the town.



11. RECOMMENDATIONS

Depending on the investigation of the data collected on the effects of CB and BRU on organizational business performance in hotel industry located in East Guji zone, Ethiopia, the following recommendations are forwarded for zonal as well as woreda's culture and tourism office and hotel owners of the zone and other concerned bodies:-

Business without customer is nothing. Therefore the hotel owners must perform well on the Consumer Bond and Business Reputation in order to fulfill customer satisfaction which leads to organizational business performance.

Having innovative HR (Human Resource) has a key role in creating new ideas that leads to new and quality service which leads to attract and fulfill customer satisfaction and sustain organizational business performance. As a result, hotel owners should search innovative and trained man power.

Business Reputation has a key role in changing the customer's attitude towards the company/hotel/ which is good for the attraction of loyal customers. Therefore the owner's of the hotel must work on promoting their hotel/company/ in order to have a good image in the minds of customers.

Since the support of the top management of the hotel is important in delivering quality service that satisfy customers, the hotel managers should follow the daily service delivered to the customers of the company /hotel/ and take corrective action.

The hotel/company/ owners must measure the pre and post purchase experience of the customers in order to take corrective measures that leads to attract a loyal customers for the profitability of the hotel/company/

The quality and standards of the hotel/company/ has curtail role in attracting a loyal customer which leads to positive image of the company and profitability of the company. Therefore, the zonal, towns and woredas culture and tourism office should follow and support the company/hotel/industry which is found in the zone.

12. SUGGESTION FOR FURTHER RESEARCH

The study has been done with quantitative approach. However, future researchers can undertake a qualitative approach to understand the perception and opinion of the respondents so that effects of Consumer Bond on organizational business performance has been more understandable and effective Consumer Bond strategy may be adopted by the hotel/company / to achieve organizational business performance. The method of the study was by using SEM analysis method only. Therefore farther study by using other statically method may needs to take place to get further result about effects of consumer bond and business reputation on customers attitude towards organizational business performance.

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