RESEARCH METHODOLOGY
3. Research Methodology

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The core objective of the study is to identify and study the process for Customer Relation management with performance indicators of Banks in banking industry. Factual material is scattered throughout the complex, dynamic, social and educational reality. For the collection of this, we need to apply scientific, logical order in establishing connection between the diverse objects under investigation.

Technique is to research, what method is to teaching in sense what logic is to thinking. In the words of Hillway, T.M., “If scholar cannot clearly describe his method, the chances are that it is too vague and general to yield satisfactory results”. Though people consider method and procedure one and the same thing, yet these terms differently when one conducts research and investigation. Data can be obtained from many sources, direct or indirect. It is necessary to adopt or evolve a systematic procedure to collect essential data. Relevant data, adequate in quantity and quality should be collected. It should be sufficient, reliable and valid.

The primary focus was to gather the factors from literature which is important for the task at hand & to ensure that they are correlated factors in practice also. Primary data was collected using questionnaire cum interview methodology and was analyzed using different techniques. In addition to that research is focused on the working styles, structure, economic objectives of various Nationalize Banks in comparison to Pvt. Banks, Customer satisfaction index, control criterion for reducing paper work, level of automation, level of computerization .Further focus is on the factors / barriers for successful implementation of CRM .At last focus will be to suggest a model of CRM and assessment of customer loyalty towards bank.

For collecting new and unknown data required for the study of any problem, one may use various devices. For each and every type of research, we need certain instruments to gather new facts or to explore new fields. The instruments thus employed as means are called tools. The selection of a suitable tool is of vital importance for successful research. Various tools are required for collecting different kinds of information for varied purposes. The research worker may use one or more of the tool for his research purposes.
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3.1 Preparation of Database

3.1.1 The study is based on primary data collection. The data has been collected by actually visiting the various banks and meeting the officers. The questionnaire has been administered to them after giving certain specific instructions including the fact that they should try and give the first response which spontaneously comes in response to each question. Further anonymity has been guaranteed by allowing the subject not to give his name.

Post data collection an informal interview has been taken to understand the subjects tendency to respond and also to eliminate any socially desirable response orientations. Certain questions asked by the subjects prior to answering the questionnaire have been answered and then the subject asked if the response orientation was according to this or another interpretation. Secondary data has also been used by going through the Publications of the department and through literature based on the topic.

3.2 Questionnaire Design

The questionnaires were designed based on the study of literature and brain storming sessions held with management faculty and practicing managers. Feedback of the respondents, received during testing of the questionnaire was also considered. The final form of the questionnaire was frozen after 4 iterations and was arranged in different sets. Following variables were identified for the purpose of this study .appendix A.1 shows the complete questionnaires as used for the survey.

3.2.1 Stages of Questionnaire Development

3.2.1.1 Stage 1 –Interview

i) Interviews with Bank Managers in the field were the first stage of questionnaire development. Officers ranging from the rank of clerical bank staff to Branch Head were met and asked to give free word association type of test in which they gave adjectives associated with CRM in banking sector.

ii) Then they were asked to state what all dimensions CRM does and does not cover. Some of them for example stated CRM is actually usefully and is measuring performance but it will not be 100% true in some cases . Others mentioned it did not take into account the fact that two officers in a Branch have same opinion on same point.
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3.2.1.2 Stage 2 –Interviews with experts and Personnel Managers

The next stage envisaged meeting and discussing the different aspects of Performance. Various experts in the field were met. Here the focus was to meet the key person who is responsible CRM in Bank. Experts from different Pvt and Public Banks were met they have commented that market is quite challenging on date. Customer’s expectations are huge on date. Private Bank experts were quite confident about better services and CRM relations. Public Bank experts were honest saying that full proof system is developing with time but slow as compared to Private Banks.

3.2.1.3 Stage 3 –Research on Internet

Various sites on the internet were also consulted.
www.banknetindia.com; www.managementparadise.com; www.financialexpress.com;
www.thehindubusinessline.com; www.coolavenues.com; www.rbi.org.in

3.2.1.4 Stage 4 –Review of literature and existing works

Existing research papers and thesis on the topic were studied. Punjabi University, All India Institute of Management studies, New Delhi Library were all used extensively. Standard books on CRM were also gone through for this purpose.

3.2.1.5 Stage 5 –Pilot Questionnaire Formulated

A draft questionnaire on the basis of the four stages listed above was made. It consisted of 68 statements covering all aspects of objectives planned. It contained some questions which were used in the final questionnaire and also some ideas which were converted into statement later. At this stage the decision on what type of scale to use had been narrowed down to the Likert Scale. Various factors were identified and framed in the form of different sections in questionnaire. These factors were identified on the basis of literature and also the brainstorming with practitioners and management faculty. These factors were divided into different sections as per there relevance and were kept in set of questionnaire.
3.3 Testing of Questionnaires

The questionnaires have been tested on the following criteria.

3.3.1 Reliability

Cronbach’s Alpha reliability of the scale was more than 0.6 in all the questionnaires thus indicating the goodness of the scale measurements.

3.3.2 Content Validity

i) The questionnaire was given to Officers of banks in the field to check for Content Validity. The basic purpose was to determine whether the define objectives was being adequately covered and whether it was tapping as many dimensions of CRM in Banks as could be done. On the basis of responses a table like the one constituted below was constructed

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Statement 1</th>
<th>Statement 2</th>
<th>Statement 3</th>
<th>Statement 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>2</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>3</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>4</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>5</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>6</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>7</td>
<td>N</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>8</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>9</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>10</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

Y-Yes it is valid for CRM in Banking Sector, N- No it is not well connected or important for CRM in Banking Sector. On the basis of the above those statements which had a high level of agreement amongst the Managers were put in the high choice list while the rest were put into another list.
A detail discussion was done with (top management), guide & key persons from Banks about the following features of the questionnaires

- Comprehension
- Depth Of Study
- Relevance to today’s scenario

Observations & Feedback:
- Questionnaire was found to be comprehensive
- Following points were suggested for incorporation in questionnaire
  1) Divide question into different sections
  2) Each section should be relevant to particular group of people
  3) Every individual question should be in different sections to understand the specific importance of CRM so Questionnaire should be divided into different sections

Appropriate changes were made in the questionnaires, wherever applicable

ii) Ease of Response - 10 respondents were test administered using the questionnaire cum interview method

Observations & Feedback:-
- The Questionnaires were reported comprehensive.
- The respondents were able to respond faster when asked verbally. On an average 25-30 minutes were required per respondent. However, the interactions with individual / functional heads lasted for around 35-40 minutes. The functional heads contacted were for Public Banks and private Banks

3.3.3 Sensitivity

Likert Scales were used wherever the perceptions under investigation. In general a 5-point scale was adopted. Further sensitivity was ensured as valid by taking multiple questions pertaining to similar theme, which helped in counteracting. This care was taken while designing mapping scheme for the questionnaire used for data collection to the proposed suggestions and solutions.

3.3.4 Mapping to Objectives
The questionnaires were traced to the research objectives well before the data collection was started to ensure the fulfillment of the objectives. Figure below exhibits the mappings of the objectives to the questionnaires.

### 3.4 Primary Data Collection

The data was collected by administering the questionnaire with the participating respondents. Wherever, the respondent so desired, option cards were used to fill up their responses. Most of them preferred to fill them on their own. Some partially structured discussions were held with keen respondents in various functional areas with a view to get more insight into the CRM practices and culture in the organization. The individual heads related to CRM were interviewed with an objective to understand their CRM organizational practices, culture, problems & plans.
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Figure 3.1: Mapping of Questionnaires to research Objectives

- **Questionnaire Section Set I -A,D & Set II**
  - CRM- To monitor the working styles, structure, economic
  - **Objective 1**

- **Questionnaire Section D**
  - CRM- Customer Account Management
  - **Objective 2**

- **Questionnaire Section E**
  - CRM-To measure customer satisfaction Index, customer loyalty
  - **Objective 3, Objective 6**

- **Questionnaire Section B**
  - CRM-Control criterion for reducing paper work, level of automation, level of computerization by banks to provide efficient services to customers
  - **Objective 4**

- **Questionnaire Section C**
  - Study of various barriers for effective CRM
  - **Objective 5**
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3.4.1 Sampling Plan

The following norms were considered for the choice of respondent in each participating Bank.
The universe consist of top management who are board members whose number is 24 at present. Middle level management consist of 600 number and lower level consist of 1200 at present. Following rules were followed for selecting respondents in the organization for each Strata.

a) For Top Management 35% of the population
b) For Middle Management 11% of the population
c) For Lower Level Management 6% of the population
d) Customers 50 from each bank

Thus the sample cross section comprise about top/middle/lower executive covering various disciplines of CRM. The sampling technique used for present study is stratified random sampling technique used for administrating the questionnaire. The Research was limited to North India in Punjab and Delhi. The respondent of different Banks were approached directly and requested to fill in the questionnaire. In addition the questionnaire was mailed to the some respondent who was far off. Additionally the respondent were assured of confidentially of there responses.
### Table No 3.1: Sample Distribution Total (Bank Wise)

<table>
<thead>
<tr>
<th>S. No</th>
<th>Participating Banks Total Population Sample</th>
<th>SBI / PNB Total Population considered</th>
<th>Resp onses</th>
<th>HDFC / ICICI Total Population Considered</th>
<th>Responses</th>
<th>Actual Response</th>
<th>% Resp. Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>8</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td>62.50</td>
</tr>
<tr>
<td>Middle Management</td>
<td>66</td>
<td>33</td>
<td>19</td>
<td>33</td>
<td>23</td>
<td>42</td>
<td>63.63</td>
</tr>
<tr>
<td>Lower Management</td>
<td>72</td>
<td>36</td>
<td>24</td>
<td>36</td>
<td>20</td>
<td>44</td>
<td>61.11</td>
</tr>
<tr>
<td>Customers</td>
<td>200</td>
<td>100</td>
<td>62</td>
<td>100</td>
<td>65</td>
<td>127</td>
<td>63.50</td>
</tr>
<tr>
<td>Total</td>
<td>346</td>
<td>173</td>
<td>108</td>
<td>173</td>
<td>110</td>
<td>218</td>
<td>63.00</td>
</tr>
</tbody>
</table>

![Pie Chart](chart.png)

### Table No 3.2: Sample Distribution for response (Type of Banks)

- **Top Management**: 8 responses, Actual Response: 5, % Resp. Rate: 62.50
- **Middle Management**: 66 responses, Actual Response: 42, % Resp. Rate: 63.63
- **Lower Management**: 72 responses, Actual Response: 44, % Resp. Rate: 61.11
- **Customers**: 200 responses, Actual Response: 127, % Resp. Rate: 63.50

![Pie Chart](chart.png)
### Table No.3.3: Sample Distribution of Questionnaire in relation with Objectives

<table>
<thead>
<tr>
<th>S.No</th>
<th>Type Of Organization (Total Population)</th>
<th>(N)</th>
<th>% (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Responses from Public Banks</td>
<td>108</td>
<td>49.54</td>
</tr>
<tr>
<td>2</td>
<td>Responses Private Banks</td>
<td>110</td>
<td>50.46</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>218</td>
<td>100</td>
</tr>
</tbody>
</table>

Public Banks, 49.54
Private Banks, 50.46

Table No.3.3:- Sample Distribution of Questionnaire in relation with Objectives
<table>
<thead>
<tr>
<th>Objective</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1</td>
<td>81</td>
</tr>
<tr>
<td>Objective 2</td>
<td>06</td>
</tr>
<tr>
<td>Objective 3,6</td>
<td>10</td>
</tr>
<tr>
<td>Objective 4</td>
<td>06</td>
</tr>
<tr>
<td>Objective 5</td>
<td>06</td>
</tr>
</tbody>
</table>

![Pie chart showing distribution of questions by objective](chart.png)
Table 3.4: Sample Distribution and Responses from Banks – Private Bank

<table>
<thead>
<tr>
<th>Category</th>
<th>Public Bank Population Considered</th>
<th>Public Bank Population Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Mgmt.</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Middle Mgmt.</td>
<td>3</td>
<td>62</td>
</tr>
<tr>
<td>Lower Mgmt.</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>24</td>
<td>36</td>
</tr>
</tbody>
</table>

Legend:
- Public Bank Population Considered
- Public Bank Population Response
Graph No 3.1: Sample Distribution and responses from Banks – Private Banks
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Graph No 3.2: Sample distribution and response comparison.

- Top Mgmt.
- Middle Mgmt.
- Lower Mgmt.
- Customers

Public Banks
- 62
- 23
- 19
- 3

Private Banks
- 65
- 24
- 20
- 2
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3.4.2 Duration of the Survey

Data collected between Jan 2006 – Sept 2007

3.5 Data Analysis Techniques

SPSS Package was applied to compile and analyze the data collected from the field survey. Frequency distribution were studied to gather the first hand information on various variables. Further data was analyzed for

a) Mean and related statistics was analyzed on various responses from banks ,Type of Bank at various different levels of respondents
b) Major Factor were taken from various researches and put to respondents to analysis there importance
c) Frequency distribution was calculated of various responses
d) Percentage of response on different ratings were analyzed.

c) Chi Square was calculated through SPSS software to understand the significance.