Chapter 3
Research Methodology
Figure: 4.1: The Research Process:

- Defining the Research Problem
- Review of the Literature
- Formulation of Hypothesis
- Research Design & Sample Design
- Collection of Data
- Analyse the Data
- Interpretation & Conclusion

Source: Research Methodology by C R Kothari
Background of the Study:
Rising competition, proliferating customer contact, intensifying attacks on customer information, increasing customer expectations, identifying new marketing opportunities etc have made Banking Sector to face superior challenges than ever before in executing their Customer management strategies. CRM is one of the approaches that is build around the customer and provides banks with tools and techniques to build up this relationship and strengthen the bond between the customer and the bank. However as noticed in literature, CRM in banking sector is a companywide philosophy which is focused around the customer. But are banks really doing so or they are just making wrong use of the concept whereby its applicability is far from evident. Bearing this in mind, the problem definition will be termed as Customer Relationship as a corporate strategy in enhancing customer satisfaction in the banking sector. The study is a comparative research between Private and Public sector banks of Lucknow region under which 3 Private sector banks and 3 Public sector banks were selected for Data collection. For the purpose of the study descriptive research has been used for accomplishment of the aims and objectives of the study.

Defining the Research Problem:
Modern Marketing philosophy advocates the concept of CRM that creates customer delight. This applies to all sectors of Sales and Marketing includes the banking. In the banking field a unique ‘Relationship’ exists between the customers and the bank. But because of various reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc., many banks are still following the traditional ways of marketing. Many banks are applying CRM to certain areas but we cannot find CRM with ubiquitous presence. It is with this background, I have made a modest attempt towards the idea that CRM can be adapted uniformly in the banking industry for betterment of Banking Services. The role of CRM is quite different and distinguishable to traditional type of Marketing. CRM participate not only in Marketing but also in implementing the business as a strategy to acquire, grow and retain profitable customers with a goal of creating a sustainable competitive advantage.
Particularly in banking sector, the role of CRM is very vital in leading the banks towards high
Performance and large volume of profits. So there is a need to study CRM as Corporate Strategy in Indian banking sector through the sidelines of the practices, problems and impact of the CRM on Private and Public Sector banks in Lucknow Region.

**The Basis of Literature Review**

The literature review is an evaluative report of information found in the literature related to the selected area of study. The review describes, summarises, evaluates and clarifies this literature. It gives a theoretical base for the research and helps in determining the nature of research.

For the purpose of the study various articles and journals were referred so as to find out the work done in past in the field of Customer Relationship Management in Banking sector of India and abroad.

Along with the articles and research papers various excerpts of top officials of RBI and other nationalized banks are also included in the literature review. These excerpts have been taken from the proceedings of government organized seminars and proceedings.

In this section some proceedings and comments of experts are also included from seminar organized by Indian Institute of Banking and Finance at Punjab National Bank Institute of Information and Technology, Lucknow in March 2013. The seminar was organized on theme of Customer Satisfaction where top officials of various Nationalised banks shared there experiences and future plans on how to improve customer satisfaction and improve customer relations.

**Formulation of Hypothesis:**

Hypothesis is an assumption or supposition which is put to test for its logical or empirical consequences. The research hypothesis developed gives a focal point to the research. The hypothesis gives the direction in which the research must be carried out. It does not allows the researcher to deviate from the set objectives.

Hypothesis in this study has been kept to the basics and helped me in keeping my research on track.

In this study four working Hypothesis have been formulated and tested so as to reach on empirical conclusions. The four hypothesis are as follows:
Hyposthesis 1:

Ho: There is no significant difference in the SMS services provided by Private and Public sector banks about banking transactions.

H₁: There is significant difference in the SMS services provided by Private and Public sector banks about banking transactions.

Hyposthesis 2:

Ho: There is no significant difference between Private and Public sector banks in providing Mobile banking service for enhancing customer relationship.

H₁: There is significant difference between Private and Public sector banks in providing Mobile banking service for enhancing customer relationship.

Hyposthesis 3:

Ho: There is no significant difference between Private and Public sector banks addressing the customer complaints within the stipulated time.

H₁: There is significant difference between Private and Public sector banks addressing the customer complaints within the stipulated time.

Hyposthesis 4:

Ho: The CRM process leads to better relationship between Customer and organization.

H₁: The CRM process does not leads to better relationship between Customer and organization.

Research Design:

Research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research and the availability of staff, time and money. Preparation of the research design should be done with great care as any error in it may upset the entire project. Research design, in fact, has a great bearing on the reliability of the results arrived at and as such
constitutes the firm foundation of the entire structure of the research work.

**Research Method and Technique:**
For the purpose of this study both secondary and primary data have been used. Secondary data were mainly collected from journal, articles etc. In the case of primary data, mainly questionnaire were used in order to find out the ground realities of the above objectives. The Questionnaire is a structured one with a combination of both open ended and closed ended questions. Attitude measurement scale such as Likert scale was used in some questions while other type included dichotomous type questions. Few open ended questions were also included so as to collect the respondents view about other improvements which may be done to improve bank and organizations relation.

**Sample Design:**

**Sampling Universe:** Bank account holders of ICICI, HDFC, AXIS, SBI, PNB and Union Bank in Hazratganj and Gomtinagar.

**Area of study:** Lucknow region

**Type of Sampling:** Non-probabalistic, Convenience sampling.

**Sample Size:** 300
- ICICI Bank : 50 customers
- HDFC Bank : 50 customers
- AXIS Bank : 50 customers
- SBI : 50 customers
- PNB : 50 customers
- UBI : 50 customers

**Sampling Technique:** The six banks under study consisted of three Private Sector banks and three Public sector banks of Lucknow region. Samples were collected from main branches of all the six banks at Hazratganj and Gomti Nagar. A total of 25 respondents from each branch were selected which made 50 respondents from each bank.
**Data Analysis:**

The representation of Data has been done through Tabulation and Graphical methods. Analysis of data has been done using \( z \)-test and Likert scale testing.

**For z-test:**

**Level of Significance(\( \alpha \))= 0.05**

\[ Z_{\text{tab}} = 1.96 \]

The value of \( Z_{\text{tab}} \) is determined by looking in the table which defines the areas under the standard normal probability distribution between the mean & positive value of \( Z \).

According to the objective of the question if there is a significant difference between Private and Public sector bank then the value of \( Z_{\text{cal}} \) will fall in the area of rejection in normal distribution curve. In case there is no significant difference then the value of \( Z_{\text{cal}} \) will fall in the area of acceptance in the normal distribution curve. To find out the value of \( Z_{\text{cal}} \) for 2 population proportions we use the formulae mentioned below:

\[
Z_{\text{cal}} = \left( \bar{P}_1 - \bar{P}_2 \right) - \left( P_1 - P_2 \right)_{H_0} \over \sigma_{\bar{P}_1 - \bar{P}_2}
\]

**Likert Scale Testing:**

A Likert scale is a psychometric scale commonly involved in research that employs questionnaires. The scale is named after its inventor, psychologist Renis Likert. Likert distinguished between a scale proper, which emerges from collective responses to a set of items (usually eight or more), and the format in which responses are scored along a range. An important distinction must be made between a Likert scale and a Likert item. The Likert scale is the sum of responses on several Likert items.

The format of a typical five-level Likert item, for example, is:

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree (neutral)
4. Agree
5. Strongly agree
Likert scaling is a bipolar scaling method, measuring either positive or negative response to a statement. Sometimes an even-point scale is used, where the middle option of "Neither agree nor disagree" is not available. This is sometimes called a "forced choice" method, since the neutral option is removed. The neutral option can be seen as an easy option to take when a respondent is unsure, and so whether it is a true neutral option is questionable. It has been shown that when comparing between a 4-point and a 5-point Likert scale, where the former has the neutral option unavailable, the overall difference in the response is negligible.

**Limitations of Study:**

1. The area of study was limited to Lucknow region.
2. Due to monetary constraints the sample size has been limited to 300.
3. The data collected and the analysis represents the views of customers of Lucknow only. The results may differ on change of region.
4. This research was conducted for academic purpose due to which time constraints were involved.