CHAPTER I

INTRODUCTION AND RESEARCH DESIGN

INTRODUCTION

India is on the threshold of becoming a super power marked with a galloping economic growth. A mixed economy leaning more towards a social set up since independence, India is now racing into an open economy. Everyday its doors are opened to a new field and way broadened to global competition. The cozy protection enjoyed by the domestic, public and the private, sector is steadily being shorn and all are awakening to the idea of a free competition. Open global competition demands the organizations to be highly customer oriented. If India is found most impoverished in any field, especially in the public sector, it can easily be said that it is in the field of customer centricity and the Indian Public Sector Banks have been equally, if not more, maligned. In the face of global competition, there is need to gear up the customer orientation of the public sector banks in particular.

CRM is a new customer-centric business model that reorients a firm's operations around customer needs as opposed to products, resources, or processes, in order to improve customer satisfaction, loyalty, and retention. Customer Relationship Management (CRM) techniques are often applied to enable companies to improve and build a better customer focus, i.e. move from a product orientation to a customer orientation, and define their market strategy from outside-in instead of inside-out. Customer orientation can be fostered through the integration of CRM across the entire customer experience chain, by leveraging technology to achieve real-time customer management.

This study tries to delve into the concept of Customer Relationship Management (CRM) with special reference to the banking sector. Corporation Bank is the first Public Sector Bank (PSB) to completely move into core banking. It has not adopted CRM so far. Though technology issues dominate CRM, this study is undertaken to gauge the issues involved with its implementation in mind and thus tries to evaluate the existing Customer Relationship Management Practices of the
bank from a strategic perspective which encompasses managing "... the whole relationship between a firm and its customers, with all its various contacts, interactive processes and communication elements." Operationally, Gornroos sees managing customer relationships as a triangulation of promises. First there is giving promises (making value propositions to customers), then keeping promises (delivering value in interaction with customers) and also enabling promises (continuous development in operational excellence and internal marketing). In this way, keeping valuable customers becomes as important as getting them in the first place and the advocacy of existing customers becomes an important source of new business. Further, it takes into account the view of Storbacka and Lehtinen who assert that CRM, rather than being a software system, is a way of enabling people to work effectively with customers with a view to win the hearts, minds and patronage of customers and build longevity into relationships.

Survival in a competitive scenario in future will depend on the speed and efficiency with which the companies meet the needs of their customers with innovative products and services. In the limitations experienced by organizations due to the frequent sifting of employees, the size and the spread of customers, a saviour is found in CRM, which can provide competitive advantage by enabling optimum relationships.

In this study an attempt is made to gauge the banker and customer perception of the CRM practices of the organization through the survey of the perception of the bankers and customers of Corporation Bank. How efficient are the CRM practices of a Public Sector Bank without the implementation of CRM technology? Do the bankers and customers concur in their opinion on the efficiency of existing CRM practices of the bank? What are the constraints faced in optimizing customer relationships? How knowledgeable are the bankers regarding the modern and popular CRM philosophy and concepts? These questions are addressed by this study in view of the fact that studies in the field of CRM often conclude that in order to tackle CRM projects successful it is essential to have an overall integrated methodology that begins by defining the company's strategy which includes aspects like planning, analysis of the strong and weak points of the processes oriented towards the customer, information technologies and financial control.
1.1 NEED FOR, AND SIGNIFICANCE OF, THE STUDY:

Indian Public Sector Banks have had the unique experience of being established in a purely competitive market under the British rule, then move into a totally controlled non-competitive market after their nationalization, further to slowly move to the mixed era of regulatory-competitive times, and their future seems more likely to plunge them into global competition from counterparts which have never but worked in a competitive environment.

The Financial Sector has already been opened. The Modern and efficient looking new generation banks have begun capturing the market. Moreover foreign banks have been permitted to open 20 branches a year now, in the place of 12 branches. The last decade has seen many proposals placed before the Government for the opening up of the banking sector to foreign investment, i.e., with regard to cap on voting rights to foreign investors, permission for the foreign investors to hold 74% of the stake in Indian Private sector banks, local subsidiaries of foreign banks to be treated on par with the domestic banks after 2009, etc. These moves for opening the banking sector call for improvement in the service orientation of the Public Sector banks (PSBs). Customer Orientation of PSBs has been under attack for a long time.

Table 1.1: The Bank-group wise Percentage of Banking Business Handled by the Scheduled Commercial Banks in India (as at end-March) (Per cent)

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<tr>
<td>Public Sector Banks</td>
<td>72.3</td>
<td>70.5</td>
<td>75.0</td>
<td>73.9</td>
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<td>72.7</td>
<td>73.1</td>
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<td>Nationalised Banks</td>
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<td>State Bank Group</td>
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<td>23.3</td>
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<td>24.3</td>
<td>25.9</td>
<td>22.3</td>
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<tr>
<td>Other Public Sector Bank</td>
<td>3.2</td>
<td>3.0</td>
<td>1.2</td>
<td>1.6</td>
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<td>21.5</td>
<td>19.8</td>
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<td>Old Private Sector Banks</td>
<td>5.4</td>
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<td>New Private Sector Banks</td>
<td>15.2</td>
<td>16.0</td>
<td>13.8</td>
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<td>16.2</td>
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<td>Foreign Banks</td>
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<td>8.0</td>
<td>5.5</td>
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<td>Scheduled Commercial Banks</td>
<td>100.0</td>
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Source: Balance sheets of respective banks.

Source: Report on Trend and Progress of Banking in India 2006-2007

The foreign banks will bring in their wake capital, greatly advanced technology and management skills and unless Indian banks are equipped enough to
counter the pressures, the repercussions would be great especially for an economy which has learnt to depend heavily on these banks over the decades. While the PSBs have very little experience of working under competition, it is important to remember that the global banks have worked for a long time only in a competitive environment. Table 1.1 gives the profile of the Scheduled commercial banks, bank-group wise, which depicts the massive share of banking handled by the Indian public sector banks.

If compared with the figures of 2006 it can be seen that they held almost 75% to 80% of business under various heads, a clear indication that they are consistently and rapidly losing their share of business under every single category. The major gainers have been the new private sector banks in every category, with the foreign banks maintaining a status-quo in advances and a gain in their share of business under all other categories.

Chart 1.1: Growth Rate in Aggregate Deposits of Banks in India (Bank Group-wise) for a period from 1999-2007 (as at end March)

Further a look at the trend in the deposit component of Indian banks as depicted in Chart 1.1 clearly shows how the PSBs are losing their ground to the other banks. Therefore, it is imperative that the Indian Public Sector Banks take stock of the causes for the same and fortify themselves to the impending competition in future.
Customer of the present day is not as naïve as in the past. He has learnt to pick and choose the service providers and if he is not satisfied with one provider he has no scruples over switching to a better provider. Customer loyalty has truly become a great challenge to any organization, especially in the banking industry. Now in the face of global competition, customer oriented attitude would be a major determinant that can help the Indian PSBs to stand to the tough competition.

In recent times, the concept of Customer Relationship Management (CRM) is gaining momentum globally in improving customer orientation. CRM focuses on customer retention by adopting a customer oriented strategy to 'delight' customers rather than just aiming at their ‘satisfaction’ as seen in chapter III. It makes use of the relevant technology available for the purpose. But it should be remembered that proper planning and care is exercised before its implementation to see that the customer oriented attitude percolates every cell of the organization. This alone can guarantee its success especially in view of the large investment that the CRM technology entails. The role of technology is to enhance the relationship with the customers by offering guidance and easy access to the analysed information about the customer and other related matters.

CRM adoption is very popular with financial institutions world over, more than any other sector. The concept of CRM is relatively new to the Indian business scene though some new generation banks in India have already adopted it. It is now time, for those in authority, to think about its suitability to the Indian public sector banking and then plan its proper implementation in order to help these banks to improve their customer orientation. There is very little research on Indian CRM experience, its implementation and related issues and none on the PSBs implementation needs.

Many speak of CRM as a mere technology tool, a view that has been the major cause of the perils of many a CRM outcomes. Even then there are many advocates of CRM who speak about it from the strategic perspective. Some speak of its success in the face of greater involvement of people, or a triangulation of promises. A thorough analysis of the organizational situation is considered a must by some, in order to enjoy the desired fruit of its implementation.
Corporation Bank is considered to be one of the leaders among the public sector banks. Any bank is evaluated by the five parameters of performance, i.e., Non-performing assets, Business per employee, Profit per employee, Profit as a ratio of assets and the CRAR. An analysis of the report of the RBI on the Trend and Progress of Banking in India (2006) shows that Corporation Bank deserves a special applause and takes the top position among the PSB’s on the aggregate performance on the five indicators. It is also one of the oldest banks in India, the first bank established in the old undivided Dakshina Kannada district. It has celebrated its centenary on the 12th of March 2006 and its centenary vision “To emerge as The Most Preferred Bank with Global Standards in Financials, Efficiency, Technology, Products and Services”, calls for the adoption of a customer centric strategy to achieve it. A recent doctoral study conducted by Ms. Shubhashini (2006) on the perception of customer satisfaction among the customers of five banks of the undivided Dakshina Kannada District, has placed this bank as the overall best among all the other banks surveyed.

A tiny bank by all standards at its inception, with a very meager investment of a few hundred rupees, which was considered very small even by the then standards, it has consistently proven its mettle in the Indian Banking scene and attained its present stature. A thoughtful CRM implementation strategy is likely to help such a bank to achieve its centenary vision, face the global competition squarely, and emerge as a model to other PSBs, especially the tottering ones, on whose performance the public exchequer and economic stability leans heavily. The starting point for any research in this regard, would be to know the justification for implementation of CRM through the evaluation of the existing practices of a PSB with a view to understand and evaluate the lacunae in optimum customer relationships that need to drive the PSBs to implement CRM.

1.2 STATEMENT OF THE RESEARCH PROBLEM:

Corporation Bank was well-applauded for its customer orientation in the pre-nationalisation era and had a very short spell thereafter to languish in a deteriorating state of customer orientation, unlike most of the other PSBs. It would be interesting to know where such a bank, which enjoys the best overall reputation stands, with regard to its customer relationship management practices, when compared to the
standards advocated by the modern CRM concept. Hence this study is taken up to evaluate its customer relationship management practices in the absence of its adoption of CRM technology tools. It is done with a view to find the gap between its present practices and the standard desired under CRM adoption and then suggest a model in the light of the shortage of practically grounded templates for the design and implementation of CRM programmes for the Indian Public Sector Banking situation. This study is entitled:

‘CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN CORPORATION BANK: A CASE STUDY OF DAKSHINA KANNADA DISTRICT’

1.3 SCOPE OF THE STUDY:

Corporation bank is one of the oldest banking institutions and is the first indigenous bank of the undivided D. K district. Even though its roots were in Udupi district, which was a part of D.K. till 1997, it has shifted its head quarters to Mangalore in the year 1962. Scope of this study is restricted to evaluating the Customer Relationship Management Practices of the bank from the perspective of bankers and customers of the present D. K. District. Within this geographical area the following aspects related to CRM are evaluated:

1. Customer oriented culture of Indian PSBs. Customer Orientation is the attitude of a concern towards its business wherein it places prime emphasis on listening to customers with a view to maximize their satisfaction with the concern and it products. Such a concern aims at maximizing the long term satisfaction of a customer even at the expense of losing immediate sale. In contrast a ‘sales oriented’ organization encourages opportunistic means with a focus on immediate sales even at the cost of long term customer satisfaction.

Customer oriented organization is the one which:

- Constantly thinks and talks about its customers
- Continuously assesses it’s customers’ perception
- Resolves priority issues in favour of it’s customers
- Gives in, compromises, adds value to its customers
• Makes amends for customers for poor treatment
• Employs “whatever it takes” policy to satisfy special needs
• Redesigns processes and redeploy resources when they get in the way of service quality.

The above aspects of customer oriented culture are very basic for a Customer Relationship Management strategy. The customer orientation of PSBs has been assessed, as a precursor to the primary research, through evaluation of the data from the secondary sources available on banks and is presented in chapter IV.

2. Study to what extent the Customer Relationship Management practices are adopted by the bank. The following strategies are generally adopted by an organization which is CRM oriented:

• Customer segmentation and customer management strategies
• Employee orientation and empowerment strategies
• Channel management strategies
• Customer data management strategies
• Customer data mining strategies
• Cross-selling and up-selling strategy
• Personal marketing strategies (one to one marketing)
• Customer complaint management strategies
• Competitive strategies
• Personalisation/customization strategies, etc.

All the above strategies are targeted with a view to fulfill the basic issues involved in widening (acquiring new customers), lengthening (extending their loyalty to the organisation) and deepening (capture a larger wallet share of their banking transactions) the organization’s relationship with its customer through the real-time storage, evaluation and retrieval of the data pertaining to customers. The extent to which the bank uses these strategies to manage its customer relationships was evaluated by administering a questionnaire to the bankers and customers of the bank.
3. Measure the knowledge of the staff regarding CRM – a prerequisite to the adoption of CRM. The literature on the subject says that the employee orientation towards customers and CRM strategies is most crucial for its successful implementation. A questionnaire to the bankers was used to evaluate this aspect.

4. Find out the perception of the bankers with regard to the constraints faced by the PSBs in the adoption of CRM by the PSBs due to their being in the Public Sector. The problems of being in the public sector are unique. An attempt is made to find out and evaluate whether being in the public sector is truly a deterrent to CRM optimization/adoption. The banker questionnaire was used to gauge the same.

5. Find out the orientation of the bankers towards CRM adoption, as a positive orientation of employees plays a major role in the success of its implementation.

6. With the knowledge thus gained an attempt is made to suggest a model for CRM implementation after giving careful thought to the implementation issues addressed in the literature on CRM implementation.

1.4 OBJECTIVES OF THE STUDY:

The prime objective of this study is to evaluate the Customer Relationship Management (CRM) practices of Public Sector Banks through the study of Corporation Bank. This is done with a view to present a case for CRM implementation in PSBs. With this objective in mind it aims to fulfill the following objectives through the study of the Corporation Bank:

1. To study the concepts and issues involved with regard to the CRM in Banks.


3. To evaluate the Customer Relationship Management Practices of Corporation Bank – Customers’ Perspective.

4. To evaluate the knowledge of the bankers on CRM strategies, concepts and software.
5. To evaluate the bankers’ orientation towards CRM adoption.

6. To evaluate the constraints faced by the bank in CRM adoption

7. To offer suggestions and a model based on findings.

1.5 HYPOTHESES:

The following twelve hypotheses, framed to assess the bankers’, customers’ and their combined perspectives, were tested to evaluate the efficiency of CRM practices of Corporation Bank:

1.5.1 Efficiency of CRM Practices of Corporation Bank: Bankers’ Perspective

Four hypotheses were tested to apply the findings from the sample data obtained from the Bankers.

1. \( H_0 \): Customer Relationship Management Practices (CRM) of Corporation Bank are efficient in WIDENING relationships with customers (i.e., in acquiring new customers).

\( H_1 \): Customer Relationship Management Practices (CRM) of Corporation Bank are not efficient in WIDENING relationships with customers (i.e., in acquiring new customers).

2. \( H_0 \): Customer Relationship Management Practices (CRM) of Corporation Bank are efficient in LENGTHENING relationships with customers (i.e., in creating loyal customers).

\( H_1 \): Customer Relationship Management Practices (CRM) of Corporation Bank are not efficient in LENGTHENING relationships with customers (i.e., in creating loyal customers).

3. \( H_0 \): Customer Relationship Management Practices (CRM) of Corporation Bank are efficient in DEEPENING relationships with customers (i.e., in obtaining more business from existing customers).
H_1: Customer Relationship Management Practices (CRM) of Corporation Bank are not efficient in DEEPENING relationships with customers (i.e., in obtaining more business from existing customers).

4. H_0: The COMPETITIVE STRATEGY of the bank is efficient.
    H_1: The COMPETITIVE STRATEGY of the bank is not efficient.

1.5.2 Efficiency of CRM Practices of Corporation Bank: Customers' Perspective

Four hypotheses were tested to apply the findings from the sample data obtained from the customers.

5. H_0: Customer Relationship Management Practices (CRM) of Corporation Bank are efficient in WIDENING relationships with customers (i.e., in acquiring new customers).
H_1: Customer Relationship Management Practices (CRM) of Corporation Bank are not efficient in WIDENING relationships with customers (i.e., in acquiring new customers).

6. H_0: Customer Relationship Management Practices (CRM) of Corporation Bank are efficient in LENGTHENING relationships with customers (i.e., in creating loyal customers).
H_1: Customer Relationship Management Practices (CRM) of Corporation Bank are not efficient in LENGTHENING relationships with customers (i.e., in creating loyal customers).

7. H_0: Customer Relationship Management Practices (CRM) of Corporation Bank are efficient in DEEPENING relationships with customers (i.e., in obtaining more business from existing customers).
H_1: Customer Relationship Management Practices (CRM) of Corporation Bank are not efficient in DEEPENING relationships with customers (i.e., in obtaining more business from existing customers).

8. H_0: The COMPETITIVE STRATEGY of the bank is efficient.
H_1: The COMPETITIVE STRATEGY of the bank is not efficient.
1.5.3 Efficiency of CRM Practices of Corporation Bank: Bankers’ Vs Customers’ Perspective

Four main hypotheses and a total of twelve sub-hypotheses were tested under this:

9. There is no significant difference in the opinions of customers and bankers regarding the efficiency of the CRM practices of the bank in WIDENING customer relationships.

This hypothesis is tested through the following two sub-hypotheses by comparing the bankers’ and the customers’ perspective:

9.1 $H_0$: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s MARKETING PRACTICES IN WIDENING customer relationships.

$H_1$: There is a significant difference in the opinions of customers and bankers regarding the efficiency of bank’s MARKETING PRACTICES IN WIDENING customer relationships.

9.2 $H_0$: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s EMPLOYEE EMPOWERMENT AND OTHER PRACTICES IN WIDENING customer relationships.

$H_1$: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s EMPLOYEE EMPOWERMENT AND OTHER PRACTICES IN WIDENING customer relationships.

10. There is no significant difference in the opinions of customers and bankers regarding the efficiency of the CRM practices of the bank in LENGTHENING customer relationships.

This hypothesis is tested through the following seven sub-hypotheses by comparing the bankers’ and the customers’ perspectives.
10.1 $H_0$: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s SEGMENTATION PRACTICES IN LENGTHENING customer relationships.

$H_1$: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s SEGMENTATION PRACTICES IN LENGTHENING customer relationships.

10.2 $H_0$: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s COMPETITIVE PRACTICES IN LENGTHENING customer relationships.

$H_1$: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s COMPETITIVE PRACTICES IN LENGTHENING customer relationships.

10.3 $H_0$: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s CHANNEL MANAGEMENT PRACTICES IN LENGTHENING customer relationships.

$H_1$: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s CHANNEL MANAGEMENT PRACTICES IN LENGTHENING customer relationships.

10.4 $H_0$: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s EMPLOYEE EMPOWERMENT PRACTICES IN LENGTHENING customer relationships.

$H_1$: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s EMPLOYEE EMPOWERMENT PRACTICES IN LENGTHENING customer relationships.
10.5 H₀: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s DATA MANAGEMENT PRACTICES IN LENGTHENING customer relationships.

H₁: There is significant difference in the opinions of customers and bankers, regarding the efficiency of bank’s DATA MANAGEMENT PRACTICES IN LENGTHENING customer relationships.

10.6 H₀: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s COMPLAINT MANAGEMENT PRACTICES IN LENGTHENING customer relationships.

H₁: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s COMPLAINT MANAGEMENT PRACTICES IN LENGTHENING customer relationships.

10.7 H₀: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s OTHER PRACTICES IN LENGTHENING customer relationships.

H₁: There is significant difference in the opinions of customers and bankers, regarding the efficiency of bank’s OTHER PRACTICES IN LENGTHENING customer relationships.

11. There is no significant difference in the opinions of customers and bankers regarding the efficiency of the CRM practices of the bank in DEEPENING customer relationships.

This hypothesis is tested through the following two sub-hypotheses by comparing the bankers’ and the customers’ perspective:

11.1 H₀: There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s SEGMENTATION PRACTICES IN DEEPENING customer relationships.
H₁: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s **SEGMENTATION PRACTICES IN DEEPENING** customer relationships.

11.2 \( H₀ \): There is no significant difference in the opinions of customers and bankers regarding the efficiency of bank’s **CHANNEL MANAGEMENT AND OTHER PRACTICES IN DEEPENING** customer relationships.

H₁: There is significant difference in the opinions of customers and bankers regarding the efficiency of bank’s **CHANNEL MANAGEMENT AND OTHER PRACTICES IN DEEPENING** customer relationships.

12: \( H₀ \): There is no significant difference in the opinions of customers and bankers regarding the **COMPETITIVE STRATEGY** of the bank.

H₁: There is significant difference in the opinions of customers and bankers regarding the **COMPETITIVE STRATEGY** of the bank.

1.6 RESEARCH METHODOLOGY

Keeping in view the main objective of this research i.e., evaluation of Customer Relationship Management practices (as-is) in Corporation Bank, the following research methodology was adopted:

1.6.1 Content Analysis:

This research was started with a clean slate to identify the concepts and issues involved in Customer Relationship Management and its implementation due to a number of reasons. Scientific Customer Relationship Management is a relatively new concept. Though the concept was evolved in the late 1980s and is widely used in the banking industry world over, there is lack of information and research support that can offer an ideal implementation strategy. A glance at the causes of failure of CRM (given in chapter III), points to its improper implementation at the strategic level. Literature speaks of the need to evaluate the pre-implementation status of the candidates before CRM implementation. A large volume of literature and a number
of studies suggest models to address pre-implementation issues by making a study of the organizations that have already implemented CRM. However no attempt has been made to evaluate these issues by making a study of a candidate for implementation and then build a model for the same by gauging its existing CRM practices. This is particularly so in the Indian context and especially with regard to the Indian PSBs. The ensuing lack of model to follow was responsible for this research to start from scratch in order to propose a model based on the secondary and primary research.

Content analysis was also carried out to delve into aspects and issues involved in the banking industry, both CRM and otherwise especially with regard to Indian Public Sector Banking. In addition literature review was conducted from research articles on CRM-banking, a number of banking sites were browsed to gain knowledge on banking industry world over as well as India. An extensive use of literature from the archival and other information regarding policies, performance and reviews, provided by the RBI website has also been made.

Literature was reviewed with regard to three aspects of the research problem: 1. Literature reviewed to operationalise the research framework; 2. Literature reviewed on sub-concepts involved in the framework; 3. Literature reviewed to present a methodology for CRM implementation for Indian Public Sector Banks. Chapter II gives a detailed literature review in this regard. The references and bibliographic citations are presented using the Thomson ‘endnote X’ software tool, all through the thesis.

1.6.2 Sources of Data Collection:

Thus having filled the slate with the necessary information, the information requirements for the study were adjudicated to be from the following sources:

a. A questionnaire to collect the demographic and common branch data on Corporation bank’s branches in Dakshina Kannada.

b. A questionnaire to gauge the perception of the bankers on existing practices of managing customer relationships at Corporation bank, the knowledge of concepts and issues in CRM, constraints in the adoption of CRM and the orientation for CRM adoption.
c. A questionnaire to evaluate the CRM practices of the bank from customers’ perspective by administering a questionnaire to customers.

d. Data was also collected from various reports, records, pamphlets, books and newsletters in order to present the facts and figures involved in the study on CRM and Banking industry in general and Corporation Bank in particular.

1.6.3 Evolution and validation of the Questionnaire constructs:

All the questionnaires prepared were personally constructed from the information gathered from the books, research and other articles browsed for the survey by relating the information to the context of the study. The process of questionnaire evolution is set out below:

1. **The questionnaire for branch details**: This questionnaire was prepared with the intention of collecting branch demographics in section I and to evaluate the general CRM strategy of the branch in section II. It was finalized after two drafts in consultation with the guide, the Assistant General Manager (AGM), Customer Services Department of Corporation bank, the officials in the marketing department of the bank and after a pilot study of 5 branches. The regrouping of the questions into two sections, refinement of the constructs and sub-constructs, and their presentation were the result of the consultations and the pilot study.

2. **Questionnaire for Bankers**: The questionnaire for bankers was prepared with the intention of collecting the information on the knowledge of employees on CRM concepts/issues, their perspective on the efficiency of the existing Customer Relationship Management practices of the bank, their perception of constraints for optimizing/adoption of CRM and the orientation of employees towards CRM adoption. Due to the various issues involved, this questionnaire was lengthy and due to the importance and complications involved, was finalized after 8 drafts. In addition to the above experts, guidance was also sought from the President of Corporation Bank Officers’ Organisation (CBOO), a former Research Guide at RBI Staff Training College who is presently Director, Dept. of Statistics and Information Management, Reserve Bank of India, A Professor and HOD, Department of CRM, NIBM, Dean of the Kausali Institute of Management, KU, Dharwad; and others. A pilot study of 10 branch officials was also conducted.
before finalization of the questionnaire. It consists of V sections with a total of 10 major items of measurement some of which have sub-constructs ranging from 6 to 19 items. The first draft to the final draft has seen a change of the format, question pattern, presentation of issues, refinement and simplification of the language, and the likes.

3. **Questionnaire for customers:** This was administered to the customers of Corporation Bank with the objective of gauging their perspective on the efficiency of bank’s relationships with its customers. It further intends to make a gap analysis of the perception of the bankers and the customers of the bank on these issues. Four drafts preceded the finalization of this questionnaire and it went through the same refinement procedure as in the case of the bankers’ questionnaire. Excluding consultations with the Corporation Bank officials from CBOO and HRD, all the other experts in the banker-questionnaire preparation were consulted. The former research guide at RBI, Mumbai, was consulted at length since he has guided a project on CRM under C H Baba Research Scholarship and Award Scheme for bank employees in 2001-02. Even this questionnaire went through a refinement of the format as in the previous one.

All the three questionnaires were prefixed with a cover letter inviting the respondents to the study, stating its objectives and assuring them of the total confidentiality that would be maintained with regard to their personal individual responses.

4. **Validation of the questionnaires:**

As can be seen from the above, the draft constructs were subjected to content validity by:

a. Submitting each of them for an expert opinion and guidance as mentioned above.

b. A pilot study was conducted in case of the three questionnaires by administering them to 5 Branches, 10 Employee and 25 Customers.
c. Each of the questionnaires was reworded wherever necessary, based on relevant participant feedback.

d. Reconstructed questionnaires were submitted to the experts for opinion. Based on the feedback received they were finalized.

Most of the reconstruction was made with regard to the format of the questionnaire and their presentation. The suggestions for language simplification were seriously taken note of and the questions were reworded wherever necessary. Generally there was not much of alteration in the content of the questionnaires except in some places where there were repetitive ideas. This resulted in compacting the questionnaires to some extent.

1.6.4 Questions in the Survey Instruments:

The questions in all the survey instruments, were designed to address the conceptual framework from an enterprise-wide perspective taking into consideration the need to assess 'as-is' relationship of the bank with its customers in order to suggest a model that could be built to address an ideal, 'to-be' CRM setting.

CRM literature has a good storehouse of studies on various aspects of customer Relationship Management including implementation issues as cited in Chapter III, even in the field of banking. Different aspects addressed by the constructs, generally evaluated through multiple items, were measured by developing appropriate scales. Therefore, no predefined scales could be adopted due to the uniqueness of the present study i.e., of PSBs in the Indian context, as none of them could be used to address the issues involved. Hence with the literature surveyed on various elements of CRM and its implementation, the items and scales were defined keeping in mind the context of the study.

1.6.5 Sample selection for the study:

The reason for selecting Corporation Bank as the case for this study has been stated under the 'Need for the study'. The selection of other respondent sample details is given below:
1. **Branches:** The study has been taken up as a case study of the branches of the bank in Dakshina Kannada district and therefore it was formerly decided to include the whole branch-population in D.K. There are 34 business branches of Corporation bank in Dakshina Kannada. Of these, two extension counters (Darbe and Jeppu) have recently been upgraded to full-fledged branch status and therefore have been included in the study. The Extension Counter housed at the Head Office has not been included in the study as it caters to the financial needs of the staff of Corporation Bank Head Office. Similarly, though the banker-samples of the branch at MRPL have been used, the customer samples have not been collected. In both the above cases it was found out from the pilot study that they differed greatly in their opinions from an ordinary customer more so in the former case. Further, one of the branch managers refused permission to administer the questionnaire and therefore the branch and banker sample could not be obtained. However, the customers of the branch have been tapped for the survey. In addition to the business branches there is an Asset Recovery Management Branch whose staff have been included though the customers were not, as they are remote customers about whom the bank does not divulge information under the norm of confidentiality. The employees of Staff Training College, the Service Branch, the MICR and Currency Chest have all been excluded from the study.

2. **Bankers:** Though it was planned to conduct random sampling of bankers of all the branches in D.K., banker-respondents of 27 branches have been used for this study. Due to the novelty of CRM to the Indian PSBs and the related difficulties involved in understanding the issues involved, respondents of the cadre of officers were mainly selected. However, a few service personnel of the clerical cadre have also been included. Convenience sampling method has been adopted here.

A total of 152 questionnaires were distributed to all the bank officers present at a branch at the time of visit. The clerical staff was selected in consultation with the managers, with regard to their ability to grasp the concept. Of these no representative samples could be obtained from one branch, as all the three responses from a branch seem to have been lost in post.
In spite of the best attempts, only 108 respondents returned the questionnaires, of which 94 were usable. The percentage of respondents contacted to the total no of responses received stands at 62% after keeping aside 9% of the unusable ones.

3. Customers: Banking business involves total confidentiality in matters pertaining to their customers. Though a random sample is best for any study, the above reason of confidentiality was the cause for the method of convenience sampling. Most of the respondents were selected through snowball sampling, even with regard to the category they belonged, especially the High net worth customers. More than 600 customers were contacted. The questionnaire was personally administered as far as it was permissible. But a majority opted to self-administer at the time of their leisure. Here again in spite of the best attempts a total of 402 customers returned the questionnaires of which 369 were usable. The remaining respondents either failed to complete the construct in spite of constant reminders and some others reported to have lost them. The percentage of responses received to the total number administered stands at 61% keeping aside the 5.5% unusable responses.

1.6.6 Data Evaluation:

The primary data collected from the bankers and the customers was first summarized and described using mean, sum, quartiles and proportions and is presented in two separate chapters (Chapters 6 and 7 respectively). The summarized data was then evaluated to test the hypotheses from each of the perspectives using ‘t/z test of mean’ in the respective chapters. The combined perspective was evaluated by applying the ‘t/z test of proportions’ (Chapter 8). 'SPSS 14 for Windows' statistical software tool has been used extensively for the data evaluation needs of this study.

1.7 RESEARCH DESIGN:

The whole work is presented within the framework of nine chapters:

CHAPTER I: INTRODUCTION AND RESEARCH DESIGN: This is an introductory chapter. Following introduction to the study, it states the need for,
significance of and scope of the study with the statement of the research problem. Further it highlights the objectives of the study, presents the conceptual framework and states the hypotheses of the study and the research methodology. The research design and the limitations of the study are presented at the end.

**CHAPTER II: REVIEW OF LITERATURE:** This chapter lays out in detail the literature reviewed to operationalise the research framework, presents the research framework and then addresses the literature review on the sub-strategies that are evaluated in the study. The last part gives the literature reviewed to propose a model for CRM implementation.

**CHAPTER III: CRM: A THEORETICAL FRAMEWORK:** This chapter begins with a history of CRM. This is followed by the presentation of various definitions of CRM in view of the fact that no common definition is found for CRM, and concludes with a definition that is adopted for the purpose of the study. Further the chapter presents the objectives and goals of CRM, gives extracts of CRM advocacy by experts and researchers, presents the CRM sub-concepts, gives the role of technology which is considered to be a Kingpin of CRM, and presents the types of CRM. The last three sections present excerpts from CRM literature on 'CRM failures/limitations', 'success strategies for CRM implementation' and facts and figures on CRM experience in the form of an 'Overview of CRM'.

**CHAPTER IV: CRM IN INDIAN BANKS: A PRELUDE:** This chapter deals with the Indian banking industry and the state of its customer relationships. It begins with the history of banking in India and presents the back-drop for the future of Indian Banking. This chapter concludes by evaluating the customer orientation of Indian commercial banks from secondary data available and is presented as a precursor to the main study.

**CHAPTER V: CORPORATION BANK: A PROFILE:** This chapter gives the profile of Corporation Bank. The bank's journey over the century in view of the celebration of its centenary, its status in the new century, its customer orientation and the performance highlights in the year 2006-07 are presented in the chapter.

**CHAPTER VI: ANALYSIS OF CRM PRACTICES IN CORPORATION BANK: BANKERS' PERSPECTIVE:** This chapter is the first among the four
chapters of the main study. It presents the bankers' perspective on the efficiency of CRM practices of Corporation Bank, from the primary data collected from bankers. Data is presented in two parts. First of all it describes the data on each practice and proceeds to evaluate the efficiency of the practice by testing the hypothesis with regard to widening, lengthening and deepening relationships with customers and of its competitive practices. The second section describes the data on the CRM orientation of the bankers, constraints in CRM adoption and the knowledge of the bankers on the CRM strategies, concepts and technology.

CHAPTER VII: ANALYSIS OF CRM PRACTICES IN CORPORATION BANK: CUSTOMERS' PERSPECTIVE: This chapter presents the primary data collected from the customers with regard to the efficiency of CRM practices of the bank. First of all the data is described using mean, sum and quartiles followed by the evaluation of the efficiency of CRM practices of the bank in widening, lengthening and deepening customer relationships, and the efficiency of the competitive practices of the bank, by testing the hypotheses on customers' perspectives.

CHAPTER VIII: ANALYSIS OF CRM PRACTICES IN CORPORATION BANK: BANKERS' VIS-À-VIS CUSTOMERS' PERSPECTIVE: In this chapter, bankers' and customers' perspectives have been compared. In order to present an in depth evaluation, four major hypotheses with twelve sub-hypotheses are tested to evaluate the efficiency of CRM practices of the bank in widening, lengthening and deepening relationships as well as the efficiency of the competitive practices.

CHAPTER IX: FINDINGS AND SUGGESTIONS: In the final chapter summary findings of the study have been presented. This is followed by suggestions in two parts, i.e., general suggestions forming the first part and the proposed model for CRM implementation for Indian PSBs as the second. Avenues for future research are presented just before the conclusion to the study.

1.8 LIMITATIONS OF THE STUDY:

This study suffers from the typical methodological limitations common to all empirical studies. They are summarized below:
1. Empirical results of a survey are considered the best when random sampling is resorted to. However, due to the confidential nature of customer information in case of any bank, convenience (snowball) sampling, rather than random sampling method, was employed incase of customer survey. However, if the bank intends to adopt CRM in future, it could easily conduct such a survey using random sampling method after taking into consideration suggestions given from the survey experience gained.

2. The banker survey tries to collect in depth information on a number of issues. Therefore the questionnaire construct was lengthy which might have lead to fatigue. However the fatigue factor was taken care of by the multiple-choice objective questionnaire, which required just ticking off. Further all the necessary guidance and clarification was given wherever required.

3. Due to the non-familiarity of CRM to the bankers, some respondents complained of the difficulty in comprehension of the questions involved, especially questions from Section II. However, these questions were asked for the very purpose of evaluating the knowledge of the bankers on the concepts and issues involved in CRM and therefore did not contribute to any bias.

4. It is felt that the study could have involved more clerical frontline staff of the bank. However this would have lead to a greater non-response bias, as per the expert opinion, due to the difficulty in comprehension of the issues involved. The language, especially with regard to the concepts involved, could not be simplified further. In addition due to the use of local language in day to day dealings by most of the frontline clerical staff, even the presentation of the concepts in the local language may have resulted in difficulties in comprehension due to their novelty. Therefore it was decided to keep the respondents of the clerical cadre to the minimum. In the event of CRM implementation, ways and means to represent a higher percentage of the staff below the rank of officers could be thought of.

5. This study is restricted to Dakshina Kannada District alone. The research conducted by Sajal Kabiraj has found that the perceptions vary from one place to another. An attempt has been, however, made to collect the
information from outstation employees who attended the training programmes at the Staff Training College of the Bank. Though these will not be used in the present study, they are collected with a view to make comparative study of the perceptions at a later date. Bank could further use this study to collect the information from its employees at all the branches through an email survey in case it decides to implement CRM.

6. The study involved a single public sector bank, i.e., Corporation Bank. It is felt that the inclusion of a group of PSBs would have provided a better basis for the generalization of the findings of CRM Practices to PSBs. Further this was also considered not a feasible proposition in the light of the time constraint as this study involved an in depth review of literature on various concepts in CRM and Banking, evolution of a questionnaire from the scratch with no models on which the study could be based, the novelty of the concept and the need for an in depth study of the practices undertaken which made heavy demands on time for the permissions, survey as well as analysis. With this study in the background, a research involving a group of PSBs to take care of the above limitation can be considered as a very interesting avenue for further research.

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