CHAPTER – II

RESEARCH METHODOLOGY

INTRODUCTION

Methodology is the key aspect which governs the outcome of the research. It encompasses and directs the researcher to conduct the research in a systematic process which ensures and facilitates the accuracy of the outcomes. It deals with the data collected for the study, sources of data, sampling plan of the study, population of the study, location of the research, instrument used to collect data, method of collecting data, analysis and interpretation of the collected data with different statistical tools in order to find out the strength of the collected data and limitations of the study.

STATEMENT OF THE PROBLEM

‘Customers’, who are central to the banking service, are not a homogeneous class. They come from varying socio-economic and cultural backgrounds. The perception of the Quality of Banking Services provided will differ from customer to customer and even for the same customer at different points of time, depending on the mood and mind-set of the same user at a particular point of time. With many alternative offerings in a competitive and increasingly global market it has become easier than ever for customers to compare products and switch banks. Banks could increase their customer’s satisfaction and customer’s loyalty through improving service quality in the variety of services provided to their customers. Today banks witness a strong competition through advanced technology that results in introduction of new services every day. These days, UAE banking system works in tune with the advent of Islamic banks and there are considerable indicators to differentiate a bank
from the rest of the competitors. So they need to present better service quality in order to survive in the global scenario.

Therefore, a bank that committed to deliver high quality service must pursue consistent customer satisfaction. So in the present study an attempt has been made to measure the overall customers’ satisfaction, their relationship with the banks and understand the nature of service quality and customer value of the UAE banks.

**SCOPE**

The UAE banks structure is focused on a major role in its public sector followed by a significant role from the private sector. Banks owned by the public sectors accounted for 64% and bank assets 60% of total bank deposits. Beyond being efficient, banks in UAE like to think of themselves as trendsetters, they are also looking at certain areas of profits that are quite promising. These areas consist of investment banking, wealth management, and foreign exchange just to name a few. Some other areas that UAE banks are looking to fine-tune, are their services offered on the internet which would greatly increase their competitiveness. The largest bank in the UAE used to be the National Bank of Abu Dhabi (NBAD), but the merger finalized in October, 2007 of Emirates Banking group and the National Bank of Dubai did to form Emirates ENBD took them straight to the top with a combination of 100 years of experience. It is on its way to become one of the top 100 banks in the world. This Middle East bank giant recorded a profit of $326m in the first quarter in March, 2008 compared to $238m that’s an $88m difference over the same time period a year before that. The growth is justifiable due to the increase in infrastructure and technology which are the major reason for the success of UAE banks.
The banking industry today is moving towards the goal of integrated financial services because of the strong competition and quick changes of technology. So it is inevitable for banks to pay attention to these changes and start to think strategically by providing high quality products and services to satisfy their customers. As banks become more “high-tech,” their technical services are becoming standardized, reducing the importance of such services as a differentiating factor; thus, consumers will evaluate banks based more on their “high-touch” factors than on their “high-tech” factors. The study is confined to UAE banks and their customers.

OBJECTIVES OF THE STUDY

- To analyze and evaluate the Customer relationship in UAE banks
- To examine the service quality as perceived by the customers in UAE banks
- To explore what factors determine the perceptions of customer satisfaction
- To identify the relationship between customer relationship and service quality
- To examine level of satisfaction in the internet banking mode and
- To identify any problems perceived by the customers if any.

HYPOTHESES

- There is a significant association between age of the respondents and their overall customer relationship.
- There is a significant association between age of the respondents and their overall customer service quality.
- Customer relationship differs significantly between the gender of the respondents.
• There is a significant difference in overall customer service quality between the gender.
• There is a significant difference between occupation of the respondents and their overall customer relationship.
• There is a significant difference between occupation of the respondents and their overall customer service quality.
• There is a significant difference between income of the respondents and their overall customer relationship.
• There is no significant difference between income of the respondents and their overall customer service quality.
• There is a significant difference between name of bank of the respondents and their overall customer relationship.
• There is a significant difference between name of bank of the respondents and their overall customer service quality.
• There is no significant difference between experience of the respondents and their overall customer relationship.
• There is a significant difference between experience of the respondents and their overall customer service quality.
• There is a significant difference in overall customer relationship between respondents who have account with other banks and those who do not have.
• There is a significant difference in overall customer service quality between respondents who have account with other banks and those who do not have.
• There is a significant difference between transfer to others of the respondents and their overall customer service quality.

• There is a significant difference between internet banking of the respondents and their overall customer relationship.

• There is a significant difference between internet banking of the respondents and their overall customer service quality.

• There is a significant difference between gender of the respondents and their overall satisfaction about internet banking.

• There is a significant association between age of the respondents and their overall satisfaction about internet banking.

• There is a significant difference between occupation of the respondents and their overall satisfaction about internet banking.

• There is a significant difference between income of the respondents and their overall satisfaction about internet banking.

• There is a significant difference between name of bank of the respondents and their overall satisfaction about internet banking.

• There is a significant difference between experience of the respondents and their overall satisfaction about internet banking.

**SAMPLING DESIGN**

There are 51 banks operating in UAE consisting of 28 local banks and 23 foreign banks, having altogether 1007 branches. The local banks have nearly 75% of the total branches due to the Islamic banking system prevailing in UAE. 20 local and 5 foreign banks were selected with one branch each. Using Simple random sampling
method, 500 customers were selected from the selected 25 branches. The researcher visited the branch premises and the work spots for data collection and 500 questionnaires were distributed. Based on the number of respondents that could be covered in a day, a total of 60% responded to the call. Ultimately, 250 completed questionnaires were accepted for the study.

**Operational definitions**

1. **Bonding**: This refers to the caring, individualized attention provided to the customer.

2. **Reliability (Trust)**: The ability to perform the promised services accurately and dependably is referred to as Trust.

3. **Responsiveness**: The willingness of the bank employees to help customers and provide prompt service is termed as responsiveness.

4. **Reciprocity**: Mutual exchange of privileges and favours by the bank and customer creating a smooth relationship between the banker and customer is referred to as reciprocity.

5. **Assurance**: The knowledge and courtesy of employees and their ability to convey trust and confidence is understood as assurance.

6. **Tangibles**: The appearance of physical facilities, equipment, personnel and communication materials on the bank premises and in the web pages

7. **Customer loyalty**: The tendency of the customer to stick on to the same bank even though other options are available.
8. **Economy in operation** refers to the overall cost of transacting with the bank. It may include service charges for the various transactions, rate of interest, etc.

9. **Perceived Customer satisfaction** refers to the feeling satisfaction being expressed by the customers.

10. **Shared Values is reflected** when both the customer and the banker share common value system, social commitment etc.

11. **Customer relationship** : Customer relations are the relationships that the banks have with its customers and the way in which it treats them. This includes require courtesy, professionalism and effective response.

12. **Service Quality** : This refers to the achievement in service by the banks with respect to the different parameters.

**TOOLS FOR DATA COLLECTION**

A structured questionnaire was used as a tool for collecting the data for the study. The questionnaire contained 5 Sections

Section I Contained the Questions relating to the demographic profile of the respondents

Sections II and III of the questionnaire contained 49 and 26 statements relating to Customer relationship and service quality respectively. They were evaluated under the following dimensions selected. The dimensions were selected grouping together the statements which reflect a particular dimension.

Section IV of the questionnaire contained statements relating to internet banking and
From Section II to Section IV the opinion of the respondents were collected using Likert’s Five Point Rating Scale (From Strongly Agree to Strongly Disagree). The opinions collected were used for the study after assigning weights and the cumulative scores were used for the study. In addition Section IV, Part 3 of the questionnaire gave statements for ranking the difficulties faced by the Internet Banking customers.

Section V, of the questionnaire listed 5 benefits enjoyed by the customers in the bank which are required to be ranked by the respondents.

Section VI listed 6 problems faced by the customers during the transactions with the banks which are required to be ranked by the respondents.

**TYPES OF DATA USED FOR THE RESEARCH**

Both secondary data as well as primary data have their importance in any research. When the primary data gives first hand information, secondary data gives an idea about the research done earlier in the related topic. It is very useful to supplement any research. Hence both primary and secondary data have been used for this research.

Being an exploratory research based on survey method, secondary data is collected through annual reports of Central bank of Dubai and through online databases. Moreover, primary data has been collected by designing a questionnaire based on previous studies. Other relevant information is downloaded from the official websites of UAE Government, national and international banks. The questionnaire is divided into five parts. In the first part, demographic questions related to the personal information of the respondents’ were asked. Part II, Part III and Part IV were enabled
to measure customers’ satisfaction. The study investigates the relationship between customers’ satisfaction and Service quality of banks’ products in the context of UAE banking system, the customer base in banking sector have been perceived to be the population of the study.

LOCATION OF THE STUDY

The study is done in United Arab Emirates. The UAE is a federation of seven emirates each governed by a hereditary emir, with a single national president. The constituent emirates are Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah, and Umm al-Quwain. The capital is Abu Dhabi, which is also the state's centre of political, industrial, and cultural activities.

RELIABILITY OF THE TOOL

Determining the reliability of the data gathering tool is indeed the most important step in a research exercise.

Split-half method was used in the present study to test the reliability of the tool because this method is considered to be one of the best methods through which the data for computing reliability are obtained by one testing.

Employing the split-half method, the test was divided into two equivalent halves and the test items were grouped to be odd and evenly numbered. Reliability coefficient of the test is 0.867.

VALIDITY OF THE TOOL

A tool should intentionally measure what it is supposed to measure, only then it is considered to be valid. In this study, the ten dimensions were scrutinized and were found to satisfy content validity and item validity.
i) Content validity

Determining the validity of the test contents is indeed a most important aspect of a research endeavour. Content validity of a research tool has to be established because inferences can be made on this basis. The test items were formulated after extensive reviewing of related literature and also after due consultation with field experts. Based on the experts’ comments and suggestions, suitable changes were made and the tool was made contently valid.

ii) Item validity

Item analysis was employed and invalid items were discriminated and only valid items were retained.

PILOT STUDY

The questionnaire was first checked with 30 respondents to check whether the questions were leading to objectives. The researcher identified difficulties in getting information. Some of the respondents opined that the questionnaire was very lengthy.

Hence the questionnaire was modified and condensed to include very vital questions. Some of the respondents opined that very important problems and benefits they experienced were not included in the questionnaire. Hence the questionnaire was partially changed by adding, deleting, reforming few questions and again retested and data collection was continued after conforming to the objectivity of the result got from modified questionnaire.

REFERENCE PERIOD FOR THE STUDY

The researcher used survey method to collect the primary data. The target respondents were briefed about the research and mode of filling up questionnaire. The
researcher made no attempt to influence or bias the opinion or feelings of the target respondents. The reference period for the study is from January 2010 to March 2012.

**TECHNIQUES OF ANALYSIS**

The primary data collected from the potential respondents from different cities have been properly sorted, classified, edited, tabulated in a proper format and analyzed by deploying appropriate statistical tools. The researcher used Windows Excel Spreadsheet for recording and classification of 250 samples. Statistical Packages for Social Sciences (SPSS), a computer aided software package of statistical tools for deploying different basic and advanced statistical tools in the research in order to check the accuracy of procured data were used by the researcher.

The following statistical tools were used for analyzing the data procured from the respondents from different locations selected for the study.

- Simple Percentage
- Chi-square Analysis
- F Test ANOVA
- Karl Pearson’s Correlation
- Weighted Mean Values
- Mann-Whitney Test
- Kruskal-Wallis Test

i) **Simple Percentage Analysis**

Simple percentage analysis is one of the basic statistical tools which is widely used in analysis and interpretation of primary data. It deals with the number of
respondents’ response to a particular question in percentage arrived from the total. Simple percentages are used in the study to analyse the following factors in the study the demographic and investment details of the investors.

ii) Chi-square Analysis

Chi-square analysis is used in the study extensively to evaluate the association between demographic variables and different dimensions in customer relationship management and service quality.

iii) F Test – ANOVA

One-Way Analysis of Variance is a way to test the equality of three or more means at one time by using variances. This used to analyse the variables in the study for analysing the influence of age, academic qualification, occupation and annual income on the various dimensions analysed in the study.

iv) Karl Pearson’s Co-efficient of Correlation

A test of independence assesses whether paired observations on two variables, expressed in a contingency table, are independent of each other. This test is applied to evaluate the relationship between the different variables selected for the study.

v) Mann Whitney Test

This test is a non-parametric statistical hypothesis test for assessing whether one of two samples of independent observations tends to have larger values than the other. It is one of the most well-known non-parametric significance tests.

vi) The Kruskal-Wallis Test

The Kruskal-Wallis test evaluates whether the population medians on a dependent variable are the same across all levels of a factor.
LIMITATIONS OF THE STUDY

1. Response from the customers was a demotivating factor in the study.

2. Study aspect from the view point of bankers could not be included due to poor response from them

CHAPTER SCHEME

I Introduction

II Research Methodology

III Review of Related Literature

IV UAE Banking Sector – An overview

V An analysis of Customer Satisfaction

VI An analysis of Customer Relationship and Service Quality Dimensions

VII Findings, Suggestions and Conclusion