CHAPTER- 4

DATA COLLECTION – I: GENERAL

4.1. SAMPLE SELECTION – IN DETAIL

4.1.1. The Population:

The study encompasses the whole banking industry in India. The types of banks in the Indian Banking sector include Commercial banks, Cooperative banks and Land Development Banks. The Cooperative banks include Primary Urban Cooperative Banks, District Central Cooperative Banks and State Cooperative Banks. The Cooperative banks are of a different profile and character compared to commercial banks as they are originally registered as cooperative societies with the Registrar of Cooperative Societies of the State under the provisions of Cooperative Societies’ Act of the State. While these banks’ operations are controlled and regulated by the Reserve Bank of India under the provisions of Banking Regulation Act (as applicable to cooperative societies), their establishment (birth) and closure (death) are controlled by the Registrar of Cooperative Societies of the concerned state. These banks are generally established under State laws though the banks which are operating in more than one state are covered by Multi-State Cooperative Societies Act. As the State laws marginally vary from state to state, all these banks are not operating under a uniform well laid out structural frame work. In view of this, these banks and their operations are generally not comparable with that of commercial banks. Further, most of these banks are unit banks (with one branch) or banks with a few branches in a specific geographical area and lacks national character. Commercial banks, on the other hand, are established under Banking Regulation Act with licensing by Reserve Bank of India (RBI). Further, they are supervised and controlled by RBI and their establishment and closure are overseen by the RBI. They are spread all over India and have national character with respect to their operations.

4.1.2. Sampling – Logic

In view of the need for taking samples with uniform character, operational areas and functional frame work, the researcher has decided to confine the study to commercial banks operating in India as at the end of the financial year March 2000.
4.1.3. **Sampling – Stage I: Details:**

As at the end of March 2000, there were 101 commercial banks operating in India. The group wise details of these banks are as under:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Nationalised / Public Sector Banks</td>
<td>19</td>
</tr>
<tr>
<td>2.</td>
<td>State Bank of India (SBI)</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Associates of State Bank of India</td>
<td>7</td>
</tr>
<tr>
<td>4.</td>
<td>Private Sector Banks (Old)</td>
<td>23</td>
</tr>
<tr>
<td>5.</td>
<td>Private Sector Bank (New)</td>
<td>9</td>
</tr>
<tr>
<td>6.</td>
<td>Foreign Banks</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>101</strong></td>
</tr>
</tbody>
</table>

As the banks are huge in size with nation-wide operations, it is not possible to incorporate all the banks under the purview of the study. It was, therefore, felt by the researcher that a smaller sample, representative of the population, should be selected for the study. In order to reduce the sample size to lower levels, it was decided that the financial performance or other operational parameters could be the basic criterion. In view of the advantages offered by “Financial Ratios" for inter-firm comparison, it was decided to select banks based on ‘Profit per Employee’ as at the close of March 2000. It was also decided that for the purpose of comparison, banks with high levels of profit per employee from various categories could be taken up for detailed study. The details of the 101 banks considered along with the profit per employee as at the end of March 2000 are given in Appendix IV. Based on this criteria, 12 banks were identified for research study and analysis. They are,
Of the above, Global Trust Bank was merged with Oriental Bank of Commerce in 2004 reducing the total number of Banks to eleven (11). However, data collected from Global Trust Bank was considered for analysis separately wherever the same was considered relevant.

4.2. Research – Stage I: Data Collection

The research involves the study of the influence of organizational design and Human Resources (HR) Practices on service excellence in Banks in the Globalised Environment. In order to link service excellence to Organizational Design and HR Practices, it was felt that it is imperative to select banks where customer service is of superior quality and also some banks where customer service is of comparatively lower quality. With this objective in view, a customer satisfaction survey was conducted among the 12 banks listed above.

The details of the survey are as under:

<table>
<thead>
<tr>
<th></th>
<th>The no. of cities covered</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>The names of the cities covered</td>
<td>New Delhi, Mumbai, Kolkata, Chennai, Ahmedabad, Jaipur, Hyderabad and Bhubaneshwar</td>
</tr>
<tr>
<td>3.</td>
<td>No. of respondents covered</td>
<td>1080 (+ 34 rejections)</td>
</tr>
</tbody>
</table>

A questionnaire was prepared for conducting the survey among the customers of the banks. The pre-testing of the questionnaire was conducted among 20 selected customers of the bank. Based on the experience and the feedback received the questionnaire was modified before submitting for response of the customers. The researcher has adopted “stratified random sampling method” for conduct of the survey. Of the total responses obtained, 34 responses were rejected due to defects / mistakes and the remaining 1080 were accepted for analysis.

The survey, inter-alia, sought rating of the bank’s customer service under the following seven (7) categories:

1. Excellent
2. Very Good
3. Good
4. Satisfactory
5. Barely Satisfactory
6. Unsatisfactory
7. Poor

The customer along with the rating indicated the reasons based on which the assessment was made. Seven reasons were given to opt from, with an additional provision to indicate any other reason for the customer rating the bank’s service in a specified category. In addition to this, the following demographic information were obtained on the respondents.

i. **Category:** Student, Housewife, Service, Business, Self-employed, others.

ii. **Income Group:** Annual Income upto Rs. 1.5 lakh
   - Rs. 1.5 lakh to Rs. 3 lakh
   - Rs. 3 lakh to Rs. 5 lakh
   - Rs. 5 lakh to Rs. 10 lakh
   - Above Rs. 10 lakh
   - Not applicable

iii. **Types of Account maintained:**
   - Savings Bank Account, Current Account, Fixed Deposit/Recurring Deposit, Term Loan, Cash Credit, Export Import Credit, Personal Segment, Any other (specify).

iv. **Gender:** Male /Female

A copy of the format used for the survey has been given in Appendix – 1.

The data obtained through the survey was subjected to analysis for (1) assessing the customer satisfaction levels in banks; (2) for testing the following hypotheses,

- There is a relation between customer satisfaction and the quality of service rendered by the bank at the counters
- There is a relation between customer satisfaction and the technology based services offered by the bank.
- ‘Courteous and polite dealings with customers’ and customer satisfaction are correlated.
- ‘Prompt response of the bank to the customer needs’ and customer satisfaction are correlated.
‘Innovations in service delivery’ (technology based or otherwise) and customer satisfaction are correlated.

4.3. Research - Stage II: Data Collection

During Stage-I, the ratings on the banks were consolidated to obtain the customers’ view point on the quality of service rendered by the banks. Based on the ratings, it has been possible to categorise banks into two groups:

i. Banks with Service excellence
ii. Banks with lower rating for service

In order to enable a comparative study of organizational design and HR practices in banks, it was decided to select banks where the customers have given superior rating and banks where the customers had given lower rating for customer service. The following selection criteria were applied for selection of banks for study.

I. Selection of Banks with Service Excellence:

1. Banks where customer rating of ‘Excellent’ is 70% or more of the responses
2. Banks where the customer rating of ‘Excellent and very good’ constitute more than 80% of the total customers surveyed.
3. Banks where the total number of customers surveyed exceeds 100.
4. Banks where responses on a particular bank were received from at least six (6) out of the eight (8) cities surveyed.
5. Banks where no customer has rated service as Barely satisfactory/unsatisfactory/Poor.

II. Selection of Banks with Lower Rating for Service:

1. Banks where no customer has given ‘Excellent’ rating.
2. Banks where the customer rating of ‘Excellent’ and ‘Very good’ constitute less than 5% of the total customers surveyed.
3. Banks where the customer rating of ‘Barely Satisfactory and Unsatisfactory’ is 25% or more.
4. Banks where the total number of customers surveyed exceeds 100.
5. Banks where the responses were received from at least six (6) out of eight (8) cities surveyed.
Based on the above criteria 3 banks each were selected in each category. The banks selected for study of organizational design and HR practices are:

**Banks with Service Excellence:**
HDFC Bank, IDBI Bank and Citi Bank

**Banks with lower rating for service:**
Indian Bank, UCO Bank, United Bank of India

In order to investigate into the relation, if any, between the organizational design and HR practices, it was imperative to conduct an organizational study of the selected banks. It was also found necessary to study the HR practices through interaction with the executives in charge of HR department. Further, in order to elicit the views of the executives on the topic, it was felt necessary that an opinion survey should be conducted among them. With these in view, the following actions were initiated for data collection in the second stage of research.

**I. Visit to the Corporate office of the banks:**

The researcher visited the Corporate office of the banks selected for study and interacted with the officials manning the concerned departments with regard to the organizational structure and the work design as well as work flow. Detailed study was undertaken to analyse the bank’s approach to segmentation, flow of authority and responsibility, communication channels, etc. During the interaction, efforts were made to obtain an insight into the organizational culture and its impact on organizational effectiveness including quality of customer service rendered. Information was also collected on the use of technology by the bank for improving customer service. The details of the banks visited are given below:

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Place where the Corporate Office is located</th>
<th>Period of visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Bank</td>
<td>Mumbai</td>
<td>February 2006</td>
</tr>
<tr>
<td>IDBI Bank</td>
<td>Mumbai</td>
<td>February 2006</td>
</tr>
<tr>
<td>Citi Bank</td>
<td>Mumbai</td>
<td>February 2006</td>
</tr>
</tbody>
</table>
II. Visit to the HR Department of the Selected Banks:

The researcher visited the HR Department of all the six (6) banks selected for study. Discussions were held with the Heads of the HR Departments of these banks. The discussions, interalia, covered the following areas:

a. Broad HR Policy of the bank
b. Welfare measures
c. Incentives – general
d. Performance- based incentives
e. Recruitment Policy
f. Promotion Policy
g. Motivating employees – special initiatives
h. Channels of communication and span of communication.

The researcher interviewed the following officials during the interface with the banks:

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Name of the official</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Bank</td>
<td>Shri Pallab Mukherji</td>
<td>Head, Human Resources</td>
</tr>
<tr>
<td>IDBI Bank</td>
<td>Shri Devarajan</td>
<td>Head, Human Resources</td>
</tr>
<tr>
<td>Citi Bank</td>
<td>Shri Pradip Mukherji</td>
<td>Head, Human Resources</td>
</tr>
<tr>
<td></td>
<td>Ms. Piyali Chowdhary</td>
<td>Vice-President, Human Resources</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>Shri Valliappan</td>
<td>Chief Manager, Human Resources</td>
</tr>
<tr>
<td>UCO Bank</td>
<td>Shri Pathak</td>
<td>Deputy General Manager, Personnel</td>
</tr>
<tr>
<td>United Bank of India</td>
<td>Shri A. Bhattacharya</td>
<td>General Manager, Human Resources Department</td>
</tr>
</tbody>
</table>
III. Visit to branches:
Some selected branches of the banks covered in the study were visited and interface
sessions were held with executives to elicit their views on the impact, if any, of the
organizational design and the practices on customer service.

IV. Survey among executives / employees:
In order to investigate into the impact, if any, of the HR policies followed, welfare
measures, incentive schemes, etc. on motivation among the employees and in turn on
customer service, a survey was conducted among the executives/employees of the banks
taken up for study. The survey used structured questionnaire. A copy of the format has
been given in the Appendix-II.
The data obtained through the methodologies narrated above were analyzed to arrive at
connclusions and also for testing the following hypotheses.
   i. An appropriate and conducive organizational design that promotes competitive
efficiency results in achievement of excellence in customer service in a competitive
environment.
   ii. Banking Organisations that practice professional and result-oriented human
resources management render quality customer service.
   iii. Employee motivation through HR policies/practices (including reward/incentive
schemes, etc) influence the quality of service rendered by the organization.