Contribution of Human factors for the successful CRM Practices in Public and Private sector Banks

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ABSTRACT

The Customer Relationship Management in banks depends upon optimistic relationship between bank staffs and customers. CRM is not a unique phenomenon, but it is a combination of human factors, maintenance factors, technological factors and strategic management practices. Hence the present research encounters primarily with the human factors responsible for successful CRM practices in public sector banks. Several studies argued that the products and services offered by service sector banks are coupled with human factors behind bank staffs and customers. Therefore it is an attempt to segment predominant human factors for the success of CRM practices. This research depends upon primary data obtained from bank staff in different public sector branches in Chennai city. The convenient sampling method is found useful to obtain the responses through a structured questionnaire. The application of factor analysis by principal component method derived 5 predominant factors namely, Smooth behavior of staffs, appropriate responsiveness, empathetic approach, reliable information and sound human relations. The study also emphasized the importance of successful human relationships for the best service of Banks and best customer loyalty.

INTRODUCTION

Today's digital savvy customers have a world of banking options available at a tap of their phone and they are ready to change banks if they don't get the experience they desire. Digital transformation has dramatically boosted the number of interactions customers have with their bank, mostly online or with a mobile device. If a financial firm fails to make basic banking tasks simple and unified, customers will move on to a bank that does. Banks must go beyond personalization for existing customers and build great, high-value financial offerings that attracts today's savvy banking customers. Customers want convenience and value, and they are willing to exchange their personal data for good deals and discounts. When financial institutions understand what their customers really want, banks and customers both win. Banks need to be transparent and communicate with their customers, and if issues do arise they must act quickly to painlessly resolve them.With rapid changes taking place in the financial landscape, banks in India need a new generation of professional bankers who are more customer-centric, technology-savvy, more highly qualified, flexible and agile with behavioral skill sets.

 The quality of human capital will increasingly become the cutting edge of competitiveness. Having competent staff to deliver high quality products and services is important to build customer confidence and goodwill, driving customer satisfaction, enhancing reputation, and ultimately realising individual bank's corporate vision and strategic goals. Therefore, banking institutions are interested to ensure competency and professionalism to serve their customers better.

Excellence in customer service is the most important tool for sustained business growth. Bank aims to offer the best in class service to its customers. Bank's Grievance Redressal Policy articulates the objective to minimize instances that give rise to customer complaints and create a review mechanism to ensure

consistently superior service behavior. The Banking Ombudsman Scheme is an expeditious and inexpensive forum for bank customers for resolution of complaints relating to certain services rendered by banks.

The Banks improves the standards in consultation with customer representatives and their opinions were considered for various investment plans and services. Clever combination of classic customer consultation with support from the latest technology like Customer web portal, PC Advisor Workplace, I Pad for the conversation between the customer consultant and the customer. To cater to the ever-increasing expectations of customers, banks have created layers of applications on top of core banking systems. For a bank to remain successful going forward , it will have to skillfully combine traditional advisory services with cutting-edge technologies.

Customer relationship management has emerged as one of the latest management buzz word. It is to be viewed as "profitable customer relationships as a journey not a destination". The organization have to continuously re evaluate, test, learn, share learning through centers of excellence and improve strategies. CRM is essentially about building long-term and mutually beneficial relationships with customers.

REVIEW OF LITERATURE

 (**Aurora Garrido-Moreno a, Nigel Lockett b, Vı´ctor Garcı´a-Morales, 2014**) this study highlights the mechanism through which CRM technology infrastructure creates value for the firm and how knowledge management and organizational commitment act as main drivers of this process. It is found that organizational commitment and knowledge management fully influence this process

(**Chopra, Anamica, Arora, Usha, 2013**) the present research work focuses on the gap between customers' expectation and customers' perception regarding selected CRM practices in public and private sector banks. The researcher identifies four major dimensions, viz., pre-transaction services, during-transaction services, post-transaction services and behavioral factors, constituting overall CRM practices in banks. CRM integrates internal process and functions and external networks to identify, cultivate and maintain long-term profitable relationships so as to provide those very customers with services quality exceeding their expectations.

(**Duygu KOÇOĞLU, 2012**) The basic elements of modern marketing is understanding customers . Business can survive as long as they can meet the customers' needs and enable customer satisfaction. His study identified that Customer relationship management affects customer loyalty in the banking sector. He concludes that Banks' ability to retain their existing customers and gain new customers depends on accurate customer relationship management.

(**Letaifa, Soumaya Ben, Perrien,Jean, 2007**) This article examines how electronic customer relationship management (e-CRM) has affected both organizational and individual behavior in a leading Canadian bank. . The innovative and customer-driven culture of this bank enabled early adoption of e-CRM technology. The findings indicate that employees' individual behavior successfully changed from a transactional to a relational perspective and that training and coaching ensured a successful integration of e-CRM technology.

(**ROOTMAN C TAIT M, BOSCH J, 2007**) the study implies that more extensive knowledgeability and more positive attitudes of bank employees lead to improved, maintained relationships between a bank and its clients. . Employees play an important role in banks' client relationships

(**Rootman, Chantal ,Bosch,Johan, 2008**) The findings reveal that the variables knowledgeability and attitude of bank employees have a statistically significant impact on the effectiveness of the CRM strategies

of banks. strategies are provided for banks to improve their employees' knowledgeability and attitude in order to ensure more effective CRM strategies.

(Rajam, K, Sivasubramanian, 2013) This study appraises Employees' Perception of customer relationship management in the E-Banking services using the banks namely: State Bank of India (Srirangam Branch, Tiruchirappalli) and ICICI (Srirangam Branch, Tiruchirappalli). , it was suggested that banks should intensify efforts in their customer relationship efforts and back it up with up to date information and communication technology.

(Ramesh, K, 2014)it has been found from the study that the role of CRM in banking sector is to increase customer value by identifying the most profitable customers and prospects. Need to devote time and attention with those customers through individualized marketing, pricing, discretionary decision making.

(Shum, P, Bove, L, Auh, S, 2008) Results of this study demonstrate a possible correlation between employees' commitment to the CRM initiative and the positive outcomes of a bank's performance. The significant role of employee effective commitment to CRM induced change for successful CRM implementation.

(K. Senthamarai Kannan, Dr.V.R. Nedunchezhian, 2015) The researcher identified the critical success factors that contribute to effective CRM implementation in banks. The findings revealed that Top management support as the most relevant CSF for successful CRM implementation in banks. Further, the research suggested useful information for banks in planning and implementing CRM projects.

LITERATURE GAP

After reviewing the national and international research work on crm in banks and other organizations, the researcher identified two predominant gaps namely,

1. No research work is done separately for human factors

2. What is the relationship between human factor and organizational profile of bank employees.

Those two research questions are ventured upon this paper.

OBJECTIVES OF THE STUDY

1.   To study the different human factors responsible for implementation of CRM in commercial bank.

2.   To find the overall effectiveness of human factor on the implementation of CRM.

HYPOTHESIS

1.   There is no direct relationship between human factor and CRM in banks

2.   There is no significant influence of human factor on the effectiveness of CRM in banks.

RESEARCH METHODOLOGY

This study is based on complete primary data obtained from the employees of commercial banks(both private and public sector). In order to obtain these responses, the researcher framed a structured questionnaire with three parts namely,

1.   Organizational profile

2.   Perception of employees on human factor

3.   The effectiveness of CRM implementation

The first part is of optional type in nature where as second and third part are in the statements in likert 5 point scale which ranges from strongly agree to strongly disagree.

DATA COLLECTION

After framing the structured questionnaire, the researcher circulated the questionnaire to the employees in public and private sector banks. Convenient sampling method is applied to obtain the responses. In fact, the researcher circulated to top 5 public sector banks(SBI,BOB,IDBI,PNB,CBI) and top 5 private sector banks(HDFC, ICICI, Axis, Kotak Mahindra, Indus Ind).

 Totally the researcher circulated 20 questionnaire each in all the 10 banks and able to obtain only 160 responses. Hence the sample size of the research is 160.

DATA ANALYSIS

After obtaining the 160 responses from the bank employees of public and private sector banks, those responses are coded with numbers and the data entry is done. After entering the data, they were analyzed using higher order statistical tools namely,

 1. Exploratory factor analysis

2. Confirmatory factor analysis

3. Linear multiple regression analysis

 4. One way analysis of variance.

ANALYSIS AND DISCUSSION

After reviewing the National and International literature on CRM practices as well as the role of human factors, the researcher collected the data from the bank executives in private sector banks to measure the human contribution. The researcher adopted two step methodology of exploring the factor analysis as well as confirming the factors.

The following table gives the result of exploratory factor analysis.

TABLE – 1

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.952
Bartlett's Test of Sphericity	Approx. Chi-Square	6339.197
	df	190
	Sig.	.000

From the above table, it is found that the KMO Value and Chi square value are statistically significant at 5% level to ensure the normal distribution of 20 variables for the data reduction process. This shows that the 20 variables can be reduced into predominant factors as shown in the following table

TABLE – 2

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.306	51.530	51.530	3.487	17.436	17.436
2	1.173	5.864	57.394	3.001	15.006	32.442
3	.998	4.988	62.382	2.928	14.640	47.082
4	.879	4.397	66.779	2.739	13.697	60.779
5	.731	3.654	70.433	1.931	9.654	70.433
6	.603	3.014	73.447			
7	.593	2.967	76.414			
8	.555	2.775	79.189			
9	.481	2.403	81.592			
10	.443	2.217	83.809			
11	.418	2.090	85.899			
12	.410	2.049	87.948			
13	.383	1.913	89.861			
14	.377	1.886	91.747			
15	.357	1.783	93.531			
16	.320	1.599	95.130			
17	.292	1.460	96.590			
18	.244	1.219	97.809			
19	.225	1.126	98.935			
20	.213	1.065	100.000			

From the above table, it can be ascertained that 20 variables are reduced into 5 predominant factors with sufficient amount of variance. It shows that the 5 factors are highly predominant and meaningful to represent the Human factors. These derived 5 factors are considered as independent variables but they require the confirmation from the data model. Therefore the researcher applied confirmatory Factor analysis and derived the following fit indices.

TABLE – 3

S.no	Fit Indices	Values	Bench marks
1	Chi-square	2.951	Nil
2.	P-value	0.254	>.05
3	Goodness of fit index	0.987	>0.9
4	Comparative Fit index	0.965	>0.9
5	Normed fit index	0.960	>0.9
6	Root mean square error ofapproximation	0.07	<=0.08

From the above table, it can be ascertained that all the 6 fit indices namely Chi square value, P.value, Goodness of fit index, Comparative fit index, Normed fit index and Root mean square. Error of approximation satisfy the bench mark values. This shows that the 5 factors derived from 20 variables are confirmed. In this juncture, they are considered as independent variables and CRM practices effectiveness are considered as dependent variables. Therefore the researcher applied Linear Multiple regression analysis and derived the following Empirical evidences.

TABLE – 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317a	.100	.091	.521

a. Predictors: (Constant), SW5, SW1, SW3, SW2, SW4

From the above table, it is found that R value, R Square value and adjusted R Square values are highly significant to explain the explanatory power of independent Human factors on CRM. The following table derived in Regression analysis proves the fit of regression.

TABLE – 5

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.234	5	3.047	11.226	.000b
	Residual	136.519	503	.271		
	Total	151.752	508			

a. Dependent Variable: CRM

b. Predictors: (Constant), SW5, SW1, SW3, SW2, SW4

From the above table it is found that the F value is statistically significant at 5% level which indicates the best fit of regression analysis. That is, there is significant impact of Human factors on Best CRM practices. The following table indicates Individual influences of the 5 Human factors.

TABLE – 6

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.580	.158		3.660	.000
	SW1	.007	.047	.009	.155	.877
	SW2	.165	.045	.220	3.647	.000
	SW3	.049	.056	.066	.877	.381
	SW4	.015	.055	.020	.266	.791

SW5	.037	.041	.051	.911	.363

a. Dependent Variable: CRM

From the above table, it can be ascertained that the Beta Value, T.Values and P.Values are statistically significant for the Human factors influencing the dependent variable successful CRM practices in Public and Private sector Banks.

They are able to impress their customers or attracts their customers by offering the Best service quality in the Backdrop of Human factors.

FINDINGS AND CONCLUSION

In every CRM practices the effectiveness is only obtained through the Human factors namely, Customer Staff relationship, Relationship of the Staff and Relationship between Employer and Employee. These smooth relationship ensure effectiveness of CRM practices in both Public and Private sector Banks. Analysis revealed that the Human factors are found effective in private sector Banks rather than Public sector banks. The top level management in private sector banks directed their staff to meet all the grievances of customers and also to ensure immediate remedy for their grievances. The customers perceived that in public sector banks they do not find such a smooth relationship between staff and customers.

In private sector banks, they have separate department to monitor the periodic improvement in the customer base and also to further improve their CRM practices. There is a lot of difference between technological factors and Human factors in creating significant impact on CRM practices. Even though the technology plays a dominant role in both public and private sector, the Human factors are necessary to implement all the technology related to CRM practices in Banking services.

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