

AN ASSESSMENT OF ROLE OF HUMAN IN CRM SUCCESS IN SOME SELECTED BANKS IN LUCKNOW CITY

Dr. Ramesh Kumar Chouhan - Assistant Professor, Dept. of Business Administration,
Jai Narain Vyas University, Jodhpur.
E- mail-drrameshkumarchouhan@gmail.com

Abstract: The main purpose of this paper is to analyse the role of Human Resource in the success of Customer Relationship Management (CRM). Evidences suggest that CRM can be successful when a company successfully retain the customers; however, for customer retention customer satisfaction is necessary. Both customer satisfaction and retention are possible by aligning different CSFs related to CRM. Literature confirms that CSFs related to human are vital if a company wants to reap the benefits of CRM. In the recent past Banks have taken several steps to strengthen CRM practices and make it success in attracting customers. Analysis reveals that among the various methods adapted by bank to make the CRM success, customer rated role of Human Resource as one of the most important factor for the success of CRM.

Key Words: Customer Relationship Management, Customer Retention, Customer Profitability, Perception, Satisfaction, Commitment, Loyalty.

Introduction:

With the market shift toward a customer focused behaviour, many companies have invested huge amounts in customer relationship management (CRM) technology and many of these investments have remained with little payback. The radical development in the information technology, the enhanced modes of communication, and the state-of-art tools available in today's world made it vital for the organisations to think out of the box in order to compete successfully. According to Ling and Yen (2001), CRM has been widely used by academicians, but still no clear definition of this concept can be found. Pendharkar (2003) defined CRM as the focus of keeping customers and building a strong relationship with them, thus enhancing customer loyalty. Woodcock et al. (2003) argued that CRM is the cycle of activities by which an organisation analyses its customers, targets potential customers, makes them aware of its offerings, acquires those customers, manages interactions with them, delivers value to them, develops a relationship with them over time and resolves their issues when things go wrong. These ideas in milieu of CRM, as highlighted by different scholars clearly indicate the undeniable role of human (people) in the whole relationship process. Researchers agree that human are always there on both ends of the relationship pole. However, it is also necessary to understand those factors which are crucial to consider when dealing with people. These factors are called the critical success factors. This paper focus on CSFs for CRM, especially the human (people) related CSFs. Total 173 respondents having account with selected banks of Lucknow area were selected at random for proposed study, analysis reveals the close relationship between the CSF and CRM which leads towards deriving greater customer satisfaction. Some of the suggestions also emerged out of the study.

With the market shift toward a customer focused behavior, many companies have invested huge amounts in customer relationship management (CRM) technology. Banks have taken various steps to attract customers and satisfy them by service orientation with a focus on developing customer-employee relationship. **Customer Relationship Management (CRM)** has emerged as a popular business strategy in today's competitive environment. It is a discipline which enables the companies to identify and target their most profitable customers. While many companies view CRM as information technology (IT) solution, literature shows that IT in itself can not be held responsible for the ultimate success or failure of the business strategy. The results of the empirical study revealed that companies which have deployed the CRM resources more, have better process capabilities and also better financial performance. Banks have found it necessary to install customer

relationship management systems and procedures to attract and retain customers. For long, Indian banks had presumed that their operations were customer-centric, simply because they had customers. These banks ruled the roost, protected by regulations that did not allow free entry to the sector. And to their credit, when the banking sector was opened up, they survived by adapting quickly to the new rules of the game. Many managed to post profits. For them an unexpected bonanza came from government bonds in which huge investments were made. Ironically, Reserve Bank of India's moves to cut aggressively the interest rates after 1999, pushed up the prices of bonds. So banks had a windfall, doing almost nothing. The bond profits, like manna from heaven, improved the balance-sheets of all banks irrespective of their core performance. However, the era of lazy banking is soon to end. According to a RBI road-map, India will have a competitive banking market after 2009. As one of the most attractive emerging market destinations, India will see foreign banks come in, what with more freedom to come in, grow and acquire. Therefore, it is imperative that Indian banks wake up to this reality and re-focus on their core asset — the customer. A greater focus on Customer Relationship Management (CRM) is the only way the banking industry can protect its market share and boost growth. CRM would also make Indian bankers realize that the purpose of their business is to "create and keep a customer" and to "view the entire business process as a tightly integrated effort to discover, create, and satisfy customer needs". So it is also necessary to understand those factors which are crucial to consider when dealing with people. These factors are called the critical success factors.

Review of Literature:

CRM has its roots in relationship marketing, a concept which was identified by McGarry almost half a century ago. He (McGarry, 1951, 1953) argued that the cooperation and collaboration between buyer and seller can dramatically reduce the overall cost of marketing. Bagozzi (1974, 1975) advanced this idea of mutual relationship between the buyer and the seller by highlighting different types of exchanges that occur between the two parties. He (Bagozzi, 1974, 1975) illuminated that exchange relationship can fall into one of the three types of exchanges, namely, restricted exchange, generalised exchange, and complex exchange. Restricted exchanges are the reciprocal relationships between two parties, generalised exchanges are univocal reciprocal relationships between at least three actors, and complex exchanges are relationships of mutual interest between different parties (Bagozzi, 1975). Finally, Berry (1983) coined the concept of relationship marketing where he emphasised not only on attracting new customers but retaining the existing one through good relationship. Relationship marketing activities are carried out by banks in order to identify, attract, interact with, and retain more profitable or high net-worth customers. Relationship marketing (RM) thus aims at increasing profitability while providing better services for customers. Several studies have empirically demonstrated a positive association between RM strategies and business performance (e.g. Naidu et al., 1999; Palmatier and Gopalakrishna, 2005). Within a banking context, Keltner (1995) found that German banks, in contrast to American banks, managed to maintain a stable market position during the 1980's and early 1990's as a consequence of relationship oriented banking strategies.

One of the basic tenets of relationship marketing is customer orientation. The relations component of CRM concerns with the extent to which firms initiate, develop, maintain, and improve relationships with other firms (Berry et al., 1991; Gronroos, 1990; Heide, 1994; Jackson et al., 1985; Morgan et al., 1994; Nevin, 1995; Peterson, 1995; Reinartz & Kumar, 2003). Most definitions that can be found in the literature regard relations with customers as representing the keystone of CRM. The concept of relations with customers also relates, according to the literature, to customer loyalty. Chow and Holden (1997), for example, estimate that firms are oriented towards the benefits that can be reaped from the construction of customer loyalty.

This concept stresses the importance of identifying the customer desires and supplying to those customers products and services that meet their expectations (Power, 1988; cited by Evans & Laskin, 1994). Szeinbach, Barnes, & Garner (1997) describe understanding customer expectations as the strategy adopted by firms to generate more knowledge of customer expectations and needs and to provide customers with the best services in order to win their loyalty. Today, more than ever before, the ability to maximize customer loyalty through close and durable relationships is critical to retail banks' ability to grow their businesses. As banks strive to create and manage customer relationships, several emerging trends affect the approach and tools banks employ, to achieve sustainable growth. These trends reflect a fundamental change in the way banks interact with the customers they have – and those they want to acquire.

In summation, relationship marketing activities should be directed particularly towards the most profitable customers in order to increase their satisfaction and loyalty towards the bank. In this paper we view the CRM

as a combination of people, processes and technology that seeks to understand a company's customers. Indeed, CRM must be conceived as a strategy, due to its human, technological, and processes implications, at the time an organization decides to implement it

Objective of the study and Methodology:

The main purpose of this paper is to assess the critical success factors (CSFs) for CRM as perceived by customers of selected banks of Lucknow area. It also tries to find out the relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in Indian banking sector. Questionnaires was designed covering customer perception about role of Human resource in building CRM and given to customers for collecting data. The survey's instruments consisted of demographic data, period of having account with bank, nature of account, and reason of long term association with bank and effectiveness of various CRM techniques adapted by banks. On the basis of literature certain CRM construct were developed. Total 250 questionnaires were circulated and 190 response were received. After editing 173 questionnaires were found to be fit and taken for the study. The data from the questionnaires was analyzed by using procedures of the SPSS 15.0.

Table 1: Demographic Characteristic of Respondents

	<i>Categories</i>	<i>Count</i>	<i>Percentage</i>
Age	Up to 20 years	31	17.9
	20 to 30 years	72	41.6
	30 to 40 years	42	24.3
	40 to 50 years	22	12.7
	50 to 60 years	6	3.5
Gender	Male	117	67.6
	Female	56	32.4
Marital Status	Married	108	62.4
	Unmarried	65	37.6
Education Level	Matriculation and Below	45	26.0
	Under Graduate	27	15.6
	Graduate	39	22.5
	Post graduate	38	22.0
	Professional and Others	24	13.9
Family Size	Up to 3 Members	43	24.9
	3to 4members	26	15.0
	5 to 6 Member	50	28.9
	More than 6 Members	54	31.2
Monthly Income	Up to Rs. 10000PM	46	26.6
	Rs. 10000PM to Rs15000PM	54	31.2
	Rs15000 to Rs25000Pm	43	24.9
	More than Rs25000PM	30	17.3
Profession	Business	52	30.1
	Serviceman	54	31.2
	House wives	28	16.2
	Professional	19	11.0
	others	20	11.6
Residential Background	Rural	60	34.7
	Urban	113	65.3

Above table indicates that sample is dominated by male respondent as is indicated by 67.6% respondent in the sample. Age analysis of respondents indicates that most of respondents fall in the age group of 20-30 years as it indicated by 41.6 percent respondents in the sample. Survey reveals that sample is dominated by married respondent having educated upto graduation and above having family size above 5 members. Survey also reveals that majority of the respondent included into sample are from service category having income upto Rs.15000PM. information pertaining to residential category of respondents indicates that most of them belongs to urban area.

Table 2 : Account with No of Banks

Sl. No	Description	NO of respondents	Percentage
A	Only one	10	5.8
B	Up to 2	97	56.1
C	Up to 4	65	37.6
D	More than 4	1	.6
e	Total	173	100.0

The opening of Indian economy and liberalization policy of government has given number of options to customers as large number of banks has opened up their branches across rural and urban area. Today customer have got option to open multiple account with number of banks. Analysis indicated that majority of respondents are having account with two banks. More than one third respondent are having account with 4 banks. Very few 5.8 % respondents indicated that they were having account with only one bank. Similarly only .6% respondent indicated that they were having account with more than four banks.

Table 3: Types of Bank Account with Present Bank

Sl No	Description	NO of respondents	Percentage
A	Saving	173	43.4%
B	Current	84	21.1%
C	Fixed	113	28.3%
D	Term	29	7.3%
e	Total	399	100.0%

Bank deposits serve different purposes for different people. Some people cannot save regularly; they deposit money in the bank only when they have extra income. Multiple response data was calculated with the SPSS15 Software and presented. Analysis signifies that majority of the respondents are having saving bank account followed by fixed account .as it was indicated by 43.4% and 28.3% respondents respectively. Current account was revealed by 21.1% respondents only. Term account holder contributes 7.3% in the sample.

Table 4: Duration of account

Sl. No	Description	NO of respon	Percentage
A	Less than Two	17	9.8
B	2to 4 Years	14	8.1
C	4 to 10 Years	45	26.0
D	10 to 15 years	51	29.5
e	More than 15	46	26.6
e	Total	173	100.0

An attempt was made to know the duration of relationship which customer hold with the bank. To know about these the question was asked what is the longest duration of relationship you have had with any bank. The information with this respect presented in the table 4 reveals that sample is dominated by those respondents who are having a long term associated with bank as it was indicated by almost 56% respondents in the sample.

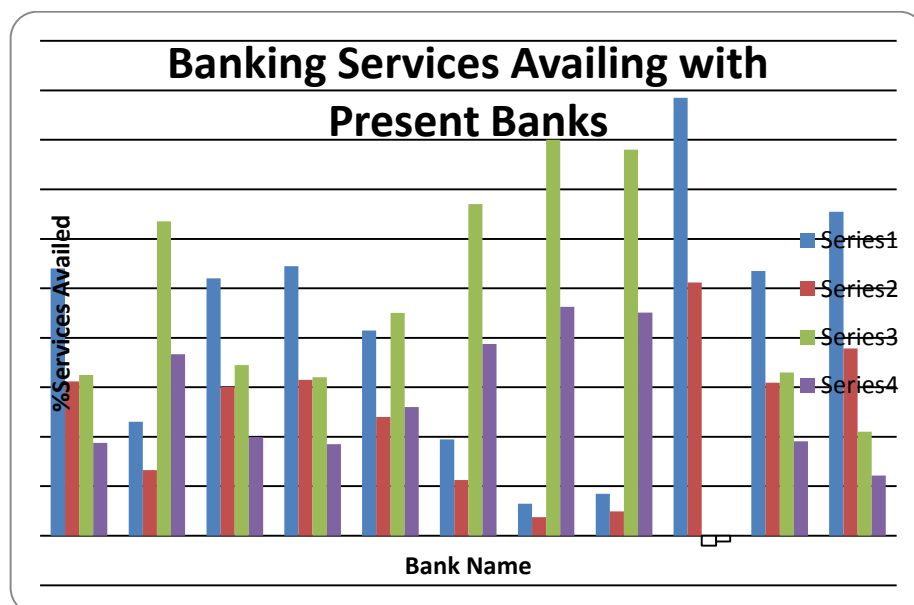
Table: 5 Reasons of Long Duration

Sl. No	Description	NO of respondents	Percentage
A	Satisfied with Bank	2	1.2
B	Have no other choice	37	21.4
C	Corporate liaison	17	9.8
	Long term relationship with bank	62	35.8
D	Wide area coverage in rural as well as urban area	52	30.1
e	Other reasons	3	1.7
	Total	173	100.0

An attempt was made to know the main reasons for having the account for such a long durations and the responses are tabulated in Table 5. Long term relation with the bank and coverage of rural area – again a customer focused and friendly approach are the main reasons as borne by the above tabulated data.

Table: 6 Analysis of type of bank facilities used

Facility	No of Respondents Availing	Percentage	No of Respondents not availing	Percentage
ATM	108	62.43	65	37.57
Debit Card	46	26.59	127	73.41
Credit Card	104	60.12	69	39.88
Demand Draft Facility	109	63.01	64	36.99
Fixed Deposits Schemes	83	47.98	90	52.02
Money Transfer	39	22.54	134	77.46
Locker Facility	13	7.51	160	92.49
D-mat Facility	17	9.83	156	90.17
Tele Banking	177	98	4	2
Mobile Banking	107	61.85	66	38.15
Net Banking	131	75.72	42	24.28



Analysis of the utilization of various facilities offered by banks was made and the results are tabulated below in Table: 6. And bar chart reveals that ATM, DD facility, credit card, and mobile banking facilities lead the pack.

Analysis and Discussion:

Understanding consumer behavior in building relationship with bank and various factors affecting it has been of a major interest for banking sector industries in India. Relationship marketing is based on the consumer's preferences and likings. These decisions are also influenced by exogenous factors such as economic conditions, government policies and; market interaction among the major players like consumer, service provider and government. The empirical study indicates that consumers make decision based on their own personal attributes such as age and education, as well as service provider features such as employee's attitude, their outlook, their knowledge and competency in handling the customer complaints. Today banking sector industry design their product and services and set the process fee according to customer expectation and preferences. Exogenous factors such as nature of competition, government policy, inter and intra firm competition may also impact both consumer purchase decisions and service provider decisions. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object.

Keeping these into consideration, an attempt was made to assess the consumer's satisfaction, their expectation from the different relationship marketing strategies influencing in favour of customer retention. For this respondents were asked to rate their views on the following statement such as The staff is courteous, I am satisfied with ATM Banking/ Net banking, They always complete my job on time, My relationship with my bank depends on whether senior managers are always available for appointments., If the employees of my bank have extensive knowledge regarding the banking products and services, I will have a better relationship with my bank., My relationship with my bank depends on whether the employees of my bank can inform me of banking policies and procedures., I receive many benefits due to my relationship with my bank, If my bank regularly informs me of new or important banking information through various media, for example, on the television or radio, I will have a better relationship with my bank, The staff is always available for help, My appointments are usually at my convenience, I am satisfied with the way the bank treats me, I will have better relationship with bank if employees of bank are having Customer Orientation(Empathy), Responsiveness of employees and their professional appearance motivate me to maintain better relationship with bank., If a bank regularly informs me when certain services will be available and/or unavailable, I will have a better relationship with my bank., I selected my bank based on its fees for services., The Product offered by the bank are best in the market, My relationship with my bank depends on whether the employees of my bank appear really happy and without stress., ,

The respondents were asked to rate the various statement on a scale of 1 to 5 in order of their preference. The exploratory factor analysis was used in order to identify the various customer relationship marketing and their retention strategies. reliability analysis of all the factor was carried out with the help of SPSS using Cronbach's Alpha test. The value of Cronbach's Alpha of all the factor found to be 0.733 which indicates that factor analysis can be applied on the variable. Principal Component analysis was employed for extracting factors and orthogonal rotation with Varimax was applied. As latent root criterion was used for extraction of factors, only the factors having latent roots or Eigen values greater than one were considered significant; all other factors with latent roots less than one were considered insignificant and disregarded. The extracted factors along with their Eigen values are shown in table 7. The factors have been given appropriate names on the basis of variables represented in each case. The names of the factors, the statements, the labels and factor loading have been summarized in Tables 7. There are six factors each having Eigen value exceeding one for motivational factors. Eigen values for six factors are 3.641, 2.021, 1.569, 1.424, 1.200, 1.089, respectively. The index for the present solution accounts for 64.377% of the total variations for the motivational factors. It is a pretty good extraction because we are able to economise on the number of choice factors (from 17 to 6 underlying factors), we lost 35.623 % of information content for choice of variables. The percentages of variance explained by factors one to six are 21.419,11.887, 9.230, 8.377, 7.060, and 6.404, respectively. Large communalities indicate that a large number of variance has been accounted for by the factor solutions. Varimax rotated factor analysis results for motivational factors are shown in table 5 which indicates that after 6 factors are extracted and retained the communality is .752, for variable1, .629for variable 2, 0.571 for variable 3 and so on. It means that approximately 75 % of the variance of variable1 is being captured by extracted factors together. The

proportion of the variance in any one of the original variable which is being captured by the extracted factors is known as communality (Nargundkar, 2002).

Table 7: Principal Component analysis with Rotated Component

	Component						Communality
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	
The staff is courteous	.794						.752
I am satisfied with ATM Banking/ Net banking	.748						.629
They always complete my job on time	.691						.571
My relationship with my bank depends on whether senior managers are always available for appointments.	.651						.598
If the employees of my bank have extensive knowledge regarding the banking products and services, I will have a better relationship with my bank.		.751					.636
My relationship with my bank depends on whether the employees of my bank can inform me of banking policies and procedures.		.666					.637
I receive many benefits due to my relationship with my bank		.564					.538
If my bank regularly informs me of new or important banking information through various media, for example, on the television or radio, I will have a better relationship		.524					.463
The staff is always available for help			.793				.718
My appointments are usually at my convenience			.674				.640
I am satisfied with the way the bank treats me			.497				.649
I will have better relationship with bank if employees of bank are having Customer Orientation(Empathy)				.759			.657
Responsiveness of employees and their professional appearance motivate me to maintain better relationship with bank.				.730			.741
If a bank regularly informs me when certain services will be available and/or unavailable, I will have a better relationship with my bank.					.764		.795
I selected my bank based on its fees for services.					.736		.722
The Product offered by the bank are best in the market					-.419		.355

My relationship with my bank depends on whether the employees of my bank appear really happy and without stress.						.887	.841
Eigen Values	3.641	2.021	1.569	1.424	1.200	1.089	
% of Variation	21.419	11.887	9.230	8.377	7.060	6.404	
Cumulative % of Variation	21.419	33.306	42.536	50.913	57.973	64.377	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. A Rotation converged in 9 iterations

Table 8: Principle components and associate variable

Factor	Name of Dimension	Statement	Factor Loading
F1	Service quality and relationship	The staff is courteous	.752
		I am satisfied with ATM Banking/ Net banking	.629
		They always complete my job on time	.571
		My relationship with my bank depends on whether senior managers are always available for appointments.	.598
F2	Sales promotion	If the employees of my bank have extensive knowledge regarding the banking products and services, I will have a better relationship with my bank.	.636
		My relationship with my bank depends on whether the employees of my bank can inform me of banking policies and procedures.	.637
		I receive many benefits due to my relationship with my bank	.538
		If my bank regularly informs me of new or important banking information through various media, for example, on the television or radio, I will have a better relationship with my bank	.463
F3	Courteous behavior	The staff is always available for help	.718
		My appointments are usually at my convenience	.640
		I am satisfied with the way the bank treats me	.649
F4	Responsiveness	I will have better relationship with bank if employees of bank are having Customer Orientation(Empathy)	.657
		Responsiveness of employees and their professional appearance motivate me to maintain better relationship with bank.	.741
F5	Prompt service	If a bank regularly informs me when certain services will be available and/or unavailable, I will have a better relationship with my bank.	.795
		I selected my bank based on its fees for services.	.722

		My relationship with my bank depends on whether the employees of my bank appear really happy and without stress.	.355
F6	Overall Product Performance	overall product performance affect my level of satisfaction	.841

Principal components & associated Variables indicates that first factor (Service quality and relationship) indicating the customers preferences towards the quality of services provided by the bank. This is reflected in the ATM/Net Banking and other modern services provided by bank. This is further enhanced by timely completion of work and cooperation of senior managerial staff. Through sales promotion and dissemination of useful information like any changes in policy the bank has endeared itself to the customer. The courteous behavior of staff has a significant impact in customer retention and expansion as is revealed in table 7 (Factor 3). F4 indicates that the responsiveness of the bank has a significant impact on Customer Relationship. These are times when people have no time. Everybody, all customers are in a hurry to complete their work as early as possible. So, F5 would correctly indicate that a prompt service is remembered and customer comes back! It is clear from the above that a combination of all these factors leads to better overall customer satisfaction and consequently their retention

Conclusion:

It has emerged conclusively from the data analyzed that human resource and quality of human resource are the critical success factor for building Customer Relationship Management (CRM) and this factor offers a good scope for expanding the customer base as well as creating a pool of information for future strategies for introducing new products. Analysis also reveals that customers rates higher to the Courteous behaviour, Responsiveness, Prompt service and Service quality and relationship and giving due consideration to have relationship with the bank. It is further suggested that a GAP analysis is to be conducted in the area of CRM for banking products so that it can help enhancing bank's capability to introduce new products and services focused on specific Target customer segments.

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