

A Study on Problems faced by Employees towards to Implementation of CRM by Retail Banking Sectors

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Abstract

Customer relationship management is involved in various sectors which provide enormous benefits to various sectors in order to maintain a better relationship with the existing customers. Implementation of CRM in industries allows them to understand the requirements of customers more effectively. Implementation of CRM provides space for development of new product and improvement in existing products. This makes the industries to gain reputation and to grow in the market. Even though there are many benefits by adoption of CRM system, there are some problems faced by various industries which include huge monetary investment and non-monetary investment. The important challenge faced by industries in adoption of CRM is slow return on investment.

Keywords: CRM, Implementation, Investment, technology, etc.

INTRODUCTION

In today's competitive world, Customer Relationship Management is considered as the most important asset in each and every business. As the margins are shrinking in the competitive world, adoption of new technology is tedious, but in order to satisfy the expectation of customers, CRM is essential. The main concept of CRM is the combination of business process of technology to optimize the revenue, profitability and customer loyalty. Many radical changes are faced by banking industry such as competition, technology advancement, consolidation and the need to be customer centric. Majority of the commercial banks have shifted their loyalty due to various introduction of financial products like commercial paper and other financial instruments as to raise resources directly from the market by offering a wide range of services.

Retail banks have to find out what to sell, whom to sell, how to sell, when to sell and how to be unique in the competitive world in order to generate profitability. They have to differentiate from others by offering various services such as value-added service, various offers, personalized services and to increase easy accessibility by building a long term relationship with the customers. The banks should target the customers who are in need and to serve the customers with greater cost and efficiency. To increase the customer loyalty,

banks should build a good relationship by satisfying their needs and wants.

Customer relationship management (CRM) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle. The goal is to improve customer service relationships and assist in customer retention and drive sales growth. Today, every business is full of competition, so it is more important than ever to gain new customers and retain the existing ones. Customer Relationship Management makes your company more customer-centric so that you are more likely to get 60% of more profit than without CRM business. So, A good relationship with your customer can bring you more loyal customers.

STATEMENT OF THE PROBLEM

As the retail banks are located in all the areas such as Urban, Semi-urban and rural areas, various problems were faced by the banks like absence of IT infrastructure in semi-urban and rural areas, slow return on investment, mishandling of data, failed synergies, etc. So various problems faced by implementation of CRM in retail banks have been sorted out and it has been analysed in this article.

REVIEW OF LITERATURE

Dimitriadis (2021) stated that the customers are able to clearly identify benefits linked to potential or existing relationship and separate them from the offered products and services. The perceived benefits were: trust (based on the customers' opinion that relationships generate a perception of security); customization and special treatment (customers' expectations are focused in the way services are delivered and adjusted to specific situations); social bonds (customers think that investments in establishing and maintaining of relationships are based on their personal importance for banks) and convenience / responsiveness (doing business with already known service provider makes such activities more easier).

Mishra and Vaithianathan (2015) also supported the fact that –it costs less to retain a customer than acquire a new one and, therefore, underlined the philosophy of importance of enhancing customer life-time value and generate customer loyalty instead of implementing traditional, short- term transaction- oriented marketing activities.

RESEARCH METHODOLOGY

Both Primary and secondary has been used. Primary data is collected through distribution of survey instrument to 420 bank employees of different sectors with different length of service. Secondary data is collected by referring various journals and published articles. The sampling method adopted in this study is simple random sampling in which each

and every respondent has an equal chance to participate in this study.

ANALYSIS AND INTERPRETATION

The type of bank, location of bank, length of service in years and present post were analysed through frequency analysis. The statements relating to problems in implementing CRM in retail banks were analysed through factor analysis.

SIMPLE PERCENTAGE ANALYSIS

Type of Bank

The type of bank has been categorized in to Public sector banks, Private sector banks and foreign banks.

S. No	Type of Bank	Frequency	Percent
1	Public sector banks	204	48.6
2	Private sector banks	122	29
3	Foreign banks	94	22.4
	Total	420	100

Table1: Type of Bank

From the table 1, it can be inferred that 48.6 percent of the respondents were from Public sector banks, 29.0 percent of the respondents were from Private sector banks and 22.4 percent of the respondents belongs to foreign banks.

Location of Bank

The location of bank has been categorized in to Urban, Semi-urban and Rural areas.

S. No	Location of bank	Frequency	Percent
1	Urban	255	60.7
2	Semi-urban	54	12.9
3	Rural	111	26.4
	Total	420	100

Table2: Location of Bank

From the table 2, it can be inferred that 60.7 percent of the respondents work in the urban area banks, 26.4 percent of the respondents work in rural area banks and 12.9 percent of the respondents work for the banks which is located in semi- urban areas.

Length of service in years

The length of service in years has been classified into 5 years and below, 6 to 10 years, 11 to 15 years, 16 to 20 years and above 20 years of service.

S. No	Length of service in years	Frequency	Percent
1	5 yrs and below	87	20.7
2	6-10 years	70	16.7
3	11-15 years	88	21
4	16-20 years	90	21.4
5	Above 20 years	85	20.2
	Total	420	100

Table 3: Length of service in years

From the table 3, it can be inferred that 21.4 percent of the respondents have 16 – 20 years of service, 21 percent of the respondents have 11 to 15 years of service, 20.7 percent of the respondents have below of 5 years of experience, 20.2 percent of the respondents have above 20 years of experience and 16.7 percent of the respondents have 6 to 10 years of service.

Present Post

The present post of the bank employees has been categorised into Manager, Executive and Clerical level.

S.No	Present post	Frequency	Percent
1	Manager (scale 1,2,3 and 4)	138	32.9
2	Executive	185	44
3	Clerical	97	23.1
	Total	420	100

Table 4: Present post

From the table 4, it can be inferred that 44 percent of the respondents were in the Executive level, 32.9 percent of the respondents were in the Managerial level and 23.1 percent of the respondents were in the clerical level.

Factor Analysis

To analyse the various problems faced by the employees in implementing CRM in the retail banks, Factor analysis was employed and the results were presented below.

Kaiser-Meyer- Olkin Measure of Sampling Adequacy.		.788
Bartlett's Test of Sphericity	Approx. Chi-Square	2981.025
	df	210
	Sig.	.000

	Initial	Extraction
Absence of IT infrastructure in semi-urban and rural areas	1.000	.145
Truncated and deliberate return of investment	1.000	.340
Mounting too fast	1.000	.302
Ignoring customers	1.000	.275
Laded by competition	1.000	.361
Product dissatisfaction	1.000	.327
Courting other brands	1.000	.382
High transaction cost and service charges	1.000	.526
Attitude of indifference by the staff	1.000	.499
Updating too much	1.000	.420
Letting share price decide strategy	1.000	.321
Growing slow and steady but not fast and consistent	1.000	.521
Lack of adoptability	1.000	.496
Low levels of customization	1.000	.555
Lack of flexibility and upgrade options in the solutions	1.000	.592
Ignorance of the banking staff	1.000	.530
Mishandling of data	1.000	.478
Ignoring threats	1.000	.445
Poor succession planning	1.000	.468

Greed and arrogance	1.000	.527
Failed synergies	1.000	.438
Extraction Method: Principal Component Analysis.		

In Table Bartlett's test of sphericity and KAISER MEYEROLKIN measures of sample adequacy were used to test the appropriateness of the factor model. Bartlett's test is used to test the null hypothesis that the variables of this study are not correlated. Since the approximate chi-square satisfaction is 2981.025 which is significant at 1% level, the test leads to the rejection of the null hypothesis.

The value of KMO statistics 0.788 was also large and it revealed that factor analysis might be considered as an appropriate technique for analysing the correlation matrix. The communality table showed the initial and extraction values.

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.355	25.500	25.500	5.355	25.500	25.500	3.564	16.969	16.969
2	2.063	9.826	35.326	2.063	9.826	35.326	3.416	16.268	33.237
3	1.529	7.283	42.609	1.529	7.283	42.609	1.968	9.372	42.609
4	1.476	7.030	49.638						
5	1.383	6.587	56.225						
6	1.206	5.744	61.969						
7	1.066	5.078	67.048						
8	.898	4.275	71.322						
9	.787	3.747	75.069						
10	.675	3.216	78.285						
11	.623	2.965	81.249						
12	.587	2.796	84.045						
13	.541	2.576	86.622						
14	.494	2.352	88.974						

15	.459	2.184	91.158						
16	.419	1.998	93.156						
17	.352	1.675	94.831						
18	.331	1.576	96.407						
19	.285	1.359	97.766						
20	.239	1.137	98.903						
21	.230	1.097	100.000						
Extraction Method: Principal Component Analysis.									

From the table7 it was observed that the labeled –Initial Eigen: I Value gives the EIGEN values. The EIGEN Value for a factor indicates the _ Total Variance ‘attributed to the factor. From the extraction sum of squared loadings, it was learnt that the If actor accounted for the variance of 5.355 which was 25.500%, the II factor accounted for the variance of 2.063 which was 9.826%, the III factor accounted for the variance of 1.529 which was 7.283%. The three components extracted accounted for the total cumulative variance of 42.609%.

Determination of factors based on Eigen Values

In this approach only factors with Eigen values greater than 1.00 are retained and the other factors are not included in this model. The three components possessing the Eigen values which were greater than1.0 were taken as the components extracted.

The rotated component matrix shown in Table is a result of VARIMAX procedure of factor rotation. Interpretation is facilitated by identifying the variables that have large loadings on the same factor. Hence, those factors with high factor loadings in each component were selected. The selected factors were shown in the table.

Table 8- Clustering Of Inducing Variables in to Factors

Factor	Inducing Variable	Rotated factor loadings
<i>I16.969 Superior</i>	Ignorance of the banking staff X16	0.701
	Lack of adoptability X13	0.692
	Low levels of customization X14	0.739
	Lack of flexibility and upgrade options in the solutions X15	0.754
	Mishandling of data X17	0.581

Reason	Low and slow return of investment X2	0.553
II33.237 Holistic Reason	Growing two of astX3	0.535
	Ignoring threats X4	0.538
	Poor succession planning X19	0.671
	Greed and arrogance X20	0.670
	Failed synergies X21	0.576
	Innovating too muchX10	0.538
	III42.609 Mismatch reason	Growing slow and steady but not fast and consistent X12
Ignoring customers X4		0.521
Laded by competition X5		0.597
Product dissatisfaction X6		0.530
Courting other brands X7		0.579
High transaction cost and service charges X8		0.636
Attitude of indifference by the staff X9		0.596

In this table 8 three factors are identified as being maximum percentage variance accounted. The variable X16, X13, X14, X15, X17 and X2 constitutes factor I and it accounts for 16.969 per cent of the total variance. The variable X3, X4, X19, X20, X21 and X10 constitutes factor II and it accounts for 33.237 per cent of the total variance. The variable X12, X4, X5, X6, X7, X8 and X9 constitutes factor III and it accounts for 42.609 percent of the total variance.

H0: There is no positive influence over the type of bank and the problems faced in implementing CRM.

Ha: There is a positive influence over the type of bank and the problems faced in implementing CRM.

Table 9 – Association between the type of bank and the problems faced in implementing CRM (ANOVA)

Sources of variance		Sum of Squares	df	Mean Square	F	Sig.	Result
	Between Groups	829.439	2	414.720	19.225	.000	S
	Within Groups	8995.501	417	21.572			

Superior Reason	Total	9824.940	419				
Holistic Reason	Between Groups	201.935	2	100.968	4.747	.000	S
	Within Groups	8870.055	417	21.271			
	Total	9071.990	419				
Mismatch reason	Between Groups	53.086	2	26.543	1.457	.004	S
	Within Groups	7595.893	417	18.216			
	Total	7648.979	419				

Source: Computed from primary data. Level of Significance: 5 percent.

Result: It is found from the table 9 that the hypothesis is rejected significant and it is concluded that the problems faced in implementing CRM has an positive influence over the type of bank.

H0: There is no positive influence over the location of bank and the problems faced in implementing CRM.

Ha: There is a positive influence over the location of bank and the problems faced in implementing CRM.

Table 10 – Association between the location of bank and the problems faced in implementing CRM (ANOVA)

Sources of variance		Sum of Squares	df	Mean Square	F	Sig.	Result
Superior Reason	Between Groups	143.678	4	35.920	1.540	.000	S
	Within Groups	9681.262	415	23.328			
	Total	9824.940	419				
Holistic Reason	Between Groups	4029.396	4	1007.349	82.904	.000	S
	Within Groups	5042.594	415	12.151			
	Total	9071.990	419				
Mismatch reason	Between Groups	355.285	4	88.821	5.054	.001	S
	Within Groups	7293.693	415	17.575			
	Total	7648.979	419				

Source: Computed from primary data. Level of Significance: 5 percent.

Result : It is found from the table 10 that the hypothesis is rejected significant and It is concluded that the problems faced in implementing CRM has an positive influence over the location of bank.

H0: There is no positive influence over the length of service in years and the problems faced in implementing CRM.

Ha: There is a positive influence over the length of service in years and the problems faced in implementing CRM.

Sources of variance		Sum of Squares	df	Mean Square	F	Sig.	Result
Superior Reason	Between Groups	40.989	3	13.663	.581	.000	S
	Within Groups	9783.951	416	23.519			
	Total	9824.940	419				
Holistic Reason	Between Groups	32.846	3	10.949	.504	.000	S
	Within Groups	9039.144	416	21.729			
	Total	9071.990	419				
Mismatch reason	Between Groups	45.097	3	15.032	.822	.002	S
	Within Groups	7603.882	416	18.279			
	Total	7648.979	419				

Table 11 – Association between the length of service in years and the problems faced in implementing CRM. (ANOVA)

Source: Computed from primary data. Level of Significance: 5 percent.

Result : It is found from the table 11 that the hypothesis is rejected significant and It is concluded that the problems faced in implementing CRM has an positive influence over the length of service in years.

H0: There is no positive influence over the present post and the problems faced in implementing CRM.

Ha: There is a positive influence over the present post and the problems faced in implementing CRM.

Table 12–Association between the present post and the problems faced in implementing CRM (ANOVA)

Sources of variance		Sum of Squares	df	Mean Square	F	Sig.	Result
Superior Reason	Between Groups	35.541	2	17.771	.757	.000	S
	Within Groups	9789.399	417	23.476			
	Total	9824.940	419				
	Between Groups	56.551	2	28.276	1.308	.002	S

Holistic Reason	Within Groups	9015.439	417	21.620			
	Total	9071.990	419				
Mismatch reason	Between Groups	44.663	2	22.332	1.225	.005	S
	Within Groups	7604.315	417	18.236			
	Total	7648.979	419				

Source: Computed from primary data. Level of Significance: 5 percent.

Result : It is found from the table 12 that the hypothesis is rejected significant and It is concluded that the problems faced in implementing CRM has an positive influence over the present post.

H0: There is no positive influence over the workload in a week and the problems faced in implementing CRM.

Ha: There is a positive influence over the workload in a week and the problems faced in implementing CRM.

Table 13 – Association between over the workload in a week and the problems faced in implementing CRM (ANOVA)

Sources of variance		Sum of Squares	df	Mean Square	F	Sig.	Result
Superior Reason	Between Groups	471.203	2	235.601	10.503	.000	S
	Within Groups	9353.738	417	22.431			
	Total	9824.940	419				
Holistic Reason	Between Groups	113.930	2	56.965	2.652	.002	S
	Within Groups	8958.060	417	21.482			
	Total	9071.990	419				
Mismatch reason	Between Groups	177.695	2	88.847	4.959	.005	S
	Within Groups	7471.284	417	17.917			
	Total	7648.979	419				

Source: Computed from primary data. Level of Significance: 5 percent.

Result : It is found from the table 13 that the hypothesis is rejected significant and It is concluded that the problems faced in implementing CRM has an positive influence over the work load in a week.

Conclusion

Various changes in financial markets, customer preference, behaviour and greater changes in technologies demands for application of CRM in banking Industry. The implementation of CRM should have a clear goal to satisfy customer needs and loyalty. The problems of CRM implementation has been segmented into superior, holistic and mismatches reasons. These reasons can be overcome by the retail banks in the near future as the world is changing day-by-day.

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