



A Study on Impact of Customer Relationship Management in TNSC Bank Chennai

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Abstract— Customer Relationship Management (CRM) is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations. Effective CRM implementation requires coordination of channels, technologies, customer and employees. At the heart of a perfect CRM strategy is the creation of mutual value for all parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering and developing existing customer relationships in addition to creating and keeping new customers. The present study is to analyze the impact of customer relationship management in TNSC bank and to investigate the respondents' perception and the benefits of CRM in the banking industry. The present study is based on the primary data. The primary data were analyzed with the help of appropriate tools of analysis.

Index Terms— Banking Industry, Benefits of CRM, Customer Relationship Management, Impact of CRM

I. INTRODUCTION

A customer relationship management (CRM) strategy means that operations revolves around the customer and involve much more than installing any one application, embracing a new technology or even committing to one vendor's CRM suite. It sparks new ways of doing business and provide better insight into customer behaviour. Superior implementation merge the so called front office and back office operations, giving a employees a complete view of the organization's relationship with its customers and open up internal system to customers so they can service and sell themselves. CRM is strategy used in competitive environments that combines the information, system, policies, process, and employees of an enterprise in an effort to attract and retain profitable customers. CRM applications and technologies are tools used to implement such a strategy and must be woven into the fabric of company's business strategy, not bolted on to it.

II. REVIEW OF LITERATURE

Customer relationship management (CRM) is part of marketing's is new dominant logic (Doy, 2004), but it is more likely to fail than to deliver any business result

(Zablah, Bellenger and Johnston 2004). Still worse, failed implementation may actually damage customers relationship (Rigby, Reichheld and Shefter 2002). This research demonstrates that the implementation of CRM activities generates better firm performance when managers focus on maximizing the value of the customer (Gupta and Lehman 2003; Gupta, Lahman and Stuart 2004; Reichheld 1996; Verhoef and Langerak 2002)

Payne and Frow (2005,) defined "CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unties the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders." It requires a cross-functional integration of process, people, operations and marketing capabilities that is enabled through information, technology and applications.

Sin et al. (2005) has a similar definition to Parvatiyar and Sheth (2001) about CRM. They defined CRM as "a comprehensive strategy and process that enables an organization to identify, acquire, return and nurture profitable customers by building and maintaining long-term relationships with them." It was suggested the core theme of CRM involves around its focus on individual buyer-seller relationship.

III SIGNIFICANCE OF THE STUDY

The Central government announced a number of programmes which would help in meeting the credit requirements of the urban and rural sector. The credit programmes were designed to augment the flow of credit to the poor. The main thrust of these programmes was to provide financial assistance to the poor at concessional rate of interest, coupled with capital subsidy to enable them to cross the poverty line. The poor must occupy the centre stage in any socio-economic planning or the socio-economic development of the rural and urban poor, an institutional approach is necessary, so that, a poor man can have access to assets and services. The institutions especially co-operative institutions must support as it has poverty reducing capacity, providing employment opportunities and lead to an increase of income and improved standard of living of the poor. Eradication of



International Journal of Ethics in Engineering & Management Education

Website: www.ijeee.in (ISSN: 2348-4748, Volume 1, Issue 3, March 2014)

poverty depends largely on availability of credit. Not only agricultural development but all other activities largely depend on the available monetary resources.

In order to protect the poor from the economic exploitation and moral degeneration, TNSC Bank have been set-up. The TNSC Bank is the institution established with the objectives to facilitate rural credit and to promote thrift and self help among the economically weaker sections of the society. The study unit TNSC bank functioning in Chennai, Tamil Nadu. The main aim of the bank is to develop the economy by providing credit for the purpose of the development of agriculture and allied activities, animal husbandry, industrial development and other productive activities. Moreover, the bank plays a very important role in developing the banking facilities in Chennai. The researcher has made an attempt to evaluate the customer relationship management of the bank as the primary motives of the bank are to satisfy the customer needs.

IV. OBJECTIVES

The following are the objectives of the study

1. To study the impact of customer relationship management in TNSC Bank, Chennai
2. To analyse the respondents perception and benefits of CRM in TNSC Bank, Chennai

V. METHODOLOGY

Descriptive as well as analytical design is used. The present study is based on the primary data. The primary data were analysed with the help of appropriate tools of analysis.

A. SAMPLE DESIGN

In order to analyse the views of the Bank employees towards CRM, all the 23 branch offices of TNSC Bank in Chennai were selected conveniently by the researcher. Hence, convenient sampling method was employed in the study. Out of 23 branches, 23 managers, 23 assistant managers and 69 other clerical natured employees of junior assistants, typists and cashiers were selected as the respondents for the study.

B. COLLECTION OF DATA

For the present study, data were collected from primary source. The study has the objective of assessing the views of the Bank employees regarding CRM of TNSC Bank. The primary data have been collected from the sample respondents with the help of an interview schedule specially designed for the purpose. The direct personal interview method was adopted for collecting information, during the reference period 2011-2012

C. Tools Used

Researcher has adopted percentage; chi-square and factor analysis has been applied for the treatment of primary

data with respect to customer relationship management in the bank branches of TNSC.

VI. ANALYSIS AND INTERPRETATIONS

TABLE 1

Selected Respondents Demographic Profile

Age	Age	N	Percentage
	30-40	34	29.56
	41-50	49	42.61
	51 and above	32	27.83
Total		115	100.0
Gender	Gender	N	Percentage
	Male	82	71.30
	Female	33	28.70
	Total	115	100.0
Educational Level	Educational level	N	Percentage
	Graduate	52	45.22
	Post-graduate	47	40.87
	Other specify	16	13.91
Total		115	100.0
Designation	Designation	N	Percentage
	1Managers	23	20.00
	Assistant Managers	23	20.00
	Others	69	60.00
Total		115	100.0

Source: Primary data.

A. Profile of the employees

Certain demographic profile such as age, gender, educational level and designation of the employees has been given in table 1. Employees' belonging to younger age group are fewer in the bank. The major reason for this might be the absence of new recruitment since 1999. From the table, it is known most of the respondents' (42.61%) are middle-aged: male employees dominates (71.30%) majority of the respondents' (45.22%) are graduates and majority of the staff under the Cadre of lower management (60%)



International Journal of Ethics in Engineering & Management Education

Website: www.ijeee.in (ISSN: 2348-4748, Volume 1, Issue 3, March 2014)

TABLE 2

Showing the Chi-Square test for the benefits of CRM

Benefits of CRM	Agree	Strongly agree	Undecided	Disagree	Strongly disagree	Total
Long term relationship	28	49	25	8	5	115
Reduced transaction cost	34	44	24	7	6	115
Success & survival in market	32	30	43	5	5	115
Customer satisfaction	46	27	31	5	6	115
Customer retention & loyalty	52	30	21	7	5	115

Source: Primary data.

Calculated chi-square value	Degrees of freedom	Level of significance
36.86	20	0.0122(P<0.01) significance

Source: Primary data

Ho: There is no association between the respondent's perception and the benefits of CRM in TNSC Bank.

It is evident from the table 2 that, the calculated chi-square value is significant at 0.01 levels. Hence, the stated hypothesis is rejected. So, it is concluded that, there is an association between the employee's perception and the benefits of CRM in the TNSC Bank.

TABLE 3

Showing the chi-square test for CRM Process in Banks: Relationship Evolution Process

Relationship Evolution	Agree	Strongly Agree	Undecided	Disagree	Strongly Disagree	Total
Awareness	47	32	23	8	5	115
Exploration	44	40	18	7	6	115
Expansion	50	30	25	5	5	115
Commitment	52	28	20	6	9	115
Dissolution/ Re-Intention	42	34	29	5	5	115

Calculated chi-square value	Degrees of freedom	Level of Significance
10.35	16	0.8479 (P>0.01) Not Significant

Source: primary data.

Ho: There is no association between the respondents' opinion and CRM relationship evolution process.

It is evident from the table 3 that, the calculated Chi-square value is not significant at 0.01 levels. Hence, the stated hypothesis is rejected. So, it is concluded that, there is an association between the employees' perception and the relationship evolution process of CRM...

TABLE 4

Showing the Ranking analysis for CRM Technology

Factors	Ranking
Call Centre Automation	3
Campaign Management	4
Contact Management	6
Data Warehousing	5
Field Service Automation	8
Knowledge Management	2
Marketing Management	1
Personalization	7

Source: Primary data.



International Journal of Ethics in Engineering & Management Education

Website: www.ijeee.in (ISSN: 2348-4748, Volume 1, Issue 3, March 2014)

The table 4 shows the ranking analysis of the respondents' perception on the CRM Techniques used in TNSC Bank. Accordingly, the marketing management ranks first as CRM Technique, the second rank is held by the knowledge management and call centre automation, which has gained the recently developing technique, has been ranked third. Campaign management, data warehousing, contact management, personalization and field service automation has got the subsequent ranks in the analysis.

TABLE 5

Showing the Stepwise Regression Analysis Predicting Impact of Customer Relationship Management in TNSC Bank

Sl.No	Step/Source	Cumulative R ²	ΔR ²	Step t	P
1.	Educational level	0.075	0.037*	3.542	0.01
2.	Designation	0.061	0.048*	2.484	0.01

Source: Primary data * P<0.01
Constant value = 20.424

Two variables namely, educational level and designation have significantly contributed for predicting the impact of Customer relationship management in TNSC Bank. The variable educational level predictive value of the impact on CRM in the Bank seems to be 3.542, when paired with the variable, designation is 2.484. The predictive value of these variables separately is 0.01.

TABLE 6

Showing the Correlation Between the Impact of Customer Relationship Management in TNSC Bank and demographic variables

Demographic Variables	Impact of customer relationship management in TNSC Bank
Age	0.384**
Gender	0.314**
Educational level	0.301**
Designation	0.247*

Source: Primary data ** Significant at 0.05 level
* Significant at 0.01 level

The impact of CRM in TNSC Bank is positively and significantly related to age (0.384), Gender (0.314) and Educational level (0.301) and Designation (0.247). It shows all positive relationship with all the demographic variables. **TABLE 7**

Showing Factor Loading, Community, Eigen Value and Percentage of Variance of the Emerging Factors

Sl. (1)	Factors (2)	Significant variables (3)	Factor loading (4)	Community (5)	Eigen Value (6)	% of variance (7)
1.	Awareness of CRM	a) Happy with CRM	0.74	0.64	5.46	11.4
		b) Customers will increase	0.68	0.61		
		c) Improved relations with the customers	0.74	0.69		
		d) Improved customer handling	0.67	0.54		
2.	Implementing CRM	a) Training needs	0.84	0.77	3.42	8.42
		b) Generating data for key skills	0.83	0.64		
		c) Identifying potential	0.78	0.74		
3.	Importance of CRM	a) Age	0.84	0.54	3.17	7.46
		b) Educational qualification	0.77	0.62		
		c) Improved performance	0.74	0.67		



International Journal of Ethics in Engineering & Management Education

Website: www.ijeee.in (ISSN: 2348-4748, Volume 1, Issue 3, March 2014)

		nce			
	d)	Designation	0.84	0.55	
	e)	More Business	0.58	0.48	

Source: Primary data

B. Factor analysis

Factor analysis was done with the main objective to find out the underlying common factors among 12 variables included in this study. The Principal component factoring method with variance rotation was used for factor extraction. A three factor solution was derived using a score test.

The Tables 7 shows the results of the factor analysis. The names of all the 12 variables and their respective loadings in all the three factors are given in the table. An arbitrary value of 0.3 and above is considered significant loading. A positive loading indicates that greater the value of the variable greater is the contribution to the factor. On the other hand, a negative loading implies that greater the value, lesser its contribution to the factor or vice versa. Keeping these in mind, a study of the loadings indicates the presence of some significant pattern. An effort is made to fix the size of correlation that is meaningful, and club together the variables with loadings in excess of the criteria and search for a concept that unifies them, with greater attention to variables having higher loadings. The variables have been ordered and grouped by the size of loadings to facilitate interpretation.

Factor analysis was done among 12 variables used in the study. The principal component analysis with varimax rotation was used to find out the percentage of variance of each factor, which can be grouped together from the total pool of 12 variables considered in the study. The results are given in column 1 shows the serial number, '2' shows the names given for each factor, '3' shows variables loaded in each factor, '4' gives the loadings, '5' gives the communality for each variables, '6' gives the Eigen value for each factor and '7' gives the percentage of variance found out through the analysis. The factor, variance percentage for each factor is 11.4, 8.4 and 7.5.

The factors are arranged based on the Eigen value viz

F1 (Eigen value 5.46)

F2 (Eigen value 3.42)

F3 (Eigen value 3.17)

Factor one is "Awareness Factor", two is "implementing". Factor three is "importance". The logic of this name is that employees who perceive the awareness of CRM to be somewhat larger also believe the implementing CRM is relatively more reasonable. Overall; employees believe the "Awareness" of CRM are acceptable first (Eigen 5.46). For the "Implementing factor for CRM" variable Eigen value are higher than "importance of CRM variable" (Eigen value for implementing CRM 3.42 and importance of CRM value = 3.17)

Using the factor analysis it was found out that the twelve perception variables have developed a three-factor solution i.e. awareness, implementing, and importance of CRM. The employees of TNSC Bank opined that their first preference to awareness factor followed by implementing factor and importance factor as per the result of rotated components matrix. These three factors are described as "common factors". This model has a strong statistical support and the Kaiser-Maya-Olkin (KMO) test of sampling adequacy concurs that the sample taken to process the factor analysis is statistically sufficient (KMO value = 0.81452).¹¹

VII. CONCLUSION

Customer relationship management is a management approach that enables organizations to identify, attract and increase retention of profitable customers by managing the relationships with them (Hobby, 1999). Since CRM has begun questioning the various assumed links in the relationship process managers should be sensitive to the impact of bank and formation, maintenance, continuance of relationship with the individuals and the firms. This is particularly important for banking institutions as their strategy needs to be adopted cooperative principles, i.e.; they may have local strategies than standardised global strategies. The opinion of the respondents of TNSC bank clearly stated that CRM in the bank has yielded much benefit, which includes higher profitability of the bank. More ever, the specific emphasis on CRM - either the development of trust in the banks value delivery-needs to match to the cooperative domain.



International Journal of Ethics in Engineering & Management Education

Website: www.ijeee.in (ISSN: 2348-4748, Volume 1, Issue 3, March2014)

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