

EMPLOYEES' PERCEPTION ON ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT IN BANKS: AN EMPIRICAL INVESTIGATION IN TAMILNADU

S. Kavitha

Associate Professor - MBA, Vivekanandha Institute of Information and Management Studies,
Tiruchengode, Namakkal Dt, Tamilnadu, India
Email-id: kavi_sulur@hotmail.com

Abstract Today we have an emerging concept called ECRM, a means for the companies to conduct interactive and personalized communications with customer. Companies whether they are manufacturing or are in the service, need to adopt right customer relationship strategies in order to survive in the competitive world. Banks are using ECRM tools for creating relationship with their customers. Bank employees are working with these tools and success entirely depends on the ways in which it is properly adopted and used by these employees. This study was conducted with an objective to know the employee's perception on ECRM tools and effectiveness of usage of these tools.

Keywords: Customer Relationship Management, Electronic Customer Relationship Management, Private Sector Banks, and Public sector banks.

1. INTRODUCTION

With stiff competition and advancement of technology, services provided by banks have become easier and convenient. In the past, we have witnessed that people could wait for an hour before withdrawing cash from accounts or that they can even wait for one month to clear the cheque in the country.

Before 10 years, we cannot imagine that banking sector will be accessible to us at the touch of our finger. But now it is possible. A mobile hand set with an internet connection is the only instrument needed to make a gateway to banking transaction, the latest innovation of technology. Banks in India are modernizing themselves through Mobile Banking, SMS Banking, Net Banking, and ATMs. Today there is complete freedom to experience all the services like checking account, transferring the fund, making payments at a faster rate. Without standing for hours in front of cash counters, today customers are making their transactions smoothly.

2. FINDINGS FROM EMPIRICAL STUDIES

Berry (1995), in his article "Relationship marketing services, Growing interest, Emerging perspective" has offered a

strategic viewpoint about CRM in somewhat broader terms. He has stressed that attracting new customers should be viewed as an intermediate step in marketing process. He also highlighted that in this competitive era, there are two important aspects of marketing, first one is developing close relationship with such customers, and second one is making them loyal. Thus, he proposed, relationship marketing as "Attracting, maintaining and in multiservice organizations – enhancing customer relationships". Berry recommended five strategies for practicing relationship marketing. Those strategies are: developing a core service around which to build the customer relationship, customizing the relationship to individual customer, augmenting core service with extra benefits, pricing services to encourage customer loyalty, and marketing to employees so that they will perform well for customers.

Manoj Kumar Ambasha (1997), in his study on "Customer Orientation – A Pre-requisite for Banks' success" stated that customers belong to two categories, the existing or present customers, and new potential customers. Banks have two jobs to perform – to retain the old customers and to attract new ones. But finding new customers entails more cost and it is time consuming compared to retaining the old customers. In spite of maintaining the old customers, attracting new customers is important for banks to increase their business.

Every interaction in a bank includes two things – business level and human level. Business level is satisfied through accomplishment of customers' work as per their expectations. Human level gets satisfied through excellent behavior of employees and good working environment. With the rapid growth of technology, facilities of various cards such as credit card, debit card, charge card, corporate card etc., will enable banks to satisfy high valued customer needs.

Shainesh.G and Ramneesh Mohan (2000) have conducted a survey on the status of customer relationship management in India with special reference to service firms. The research focused on major issues like whether managers in service firms believe that their processes are customer-based, whether they select technology based on understanding of customer needs, whether they empower their employees to deliver superior service, and how they are managing the customer satisfaction. The exploratory research was conducted in a two-stage process. In the first stage, using questionnaires, 77 managers of service firms operating in India were surveyed. These managers were from different service firms like hospitals, IT, telecom, and financial services. In the second stage, in order to understand the relationship practices followed by them, managers of selected firms in each category were interviewed. The study analyzed the customer-based business processes of various service industries like technology selection, employee empowerment, and customer knowledge. The study revealed that all service industries are taking relationship initiatives to retain their customers. But they don't have measures for determining the effectiveness of these programs. Authors suggested that managers should ensure that while investing in databases, technology and human resources, and relationship marketing programs, attempts should be made to develop milestones, which help could them to sustain the initiatives. These milestones should become benchmarks against which future programs get evaluated.

B. Janki (2002) analyzed how technology is affecting employee's productivity. There is no doubt, in India particularly, that Public sector banks will need to use technology to improve operating efficiency and customer services. Harnessing employee technology synergy is crucial for unleashing productivity and reaching out to the huge base of retail customers, who are also dispersed in rural and semi-urban areas. Banks can use technology to address customer needs and improve their interaction with customers keeping in touch through telephone and internet. The focus on technology will increase like never before to add value to customer service, develop new products, strengthen risk management, and asset liability management, and improve profitability. However technology is only an enabling tool. What the banks actually want to achieve will be determined by the drive and motivation of their work force and response of the staff.

Mittal, et al. (2003) identified that customer relationship management was found to be positively correlated with customer orientation, communication, customer care, and handling complaints. Young employees as compared to old ones were found to be significantly different in terms of customer orientation, communication, and CRM. There was no significant difference between executives and non-executives irrespective of bank on CRM and its component

Upinder, et al. (2004) identified the most important service quality factors in Private and Public sector banks from the customer's and employee's point of view. Competence, tangibility, and record maintenance seem to be typical factors of Private sector bank, whereas tangibility, reliability, and access seem to be typical factors of Public sector banks.

Sundar and Lakshmanan (2005) stressed on the need for customer care management in banks to achieve customer satisfaction. The important ways to establish the customer care are the customer complaints management, knowledge update of bank staff, routine steps in complaint management, customer help desk, complaint audit, training of Employees for attitudinal change, institution of award for zero defect, customer meet, rewarding financial discipline, brain storming session, and computerization of banking operations.

3. OBJECTIVES OF THE STUDY

Though there are many studies identifying the employee attitude towards banking software products, the study on employee perception on ECRM in Indian situation is very less. Hence this study was conducted with the following objectives.

- To study the employee perception on e-CRM in banks.
- To identify the problems faced in E-CRM usage
- To recommend solutions for the effective use of E-CRM.

4. METHODOLOGY

With the aim of preceding the research in a systematic way, the following research methodology has been used. By means of obtaining detailed opinion of the employees regarding ECRM, this research falls under the category of descriptive research. It describes the employee opinion as it exists.

4.1 Data and Sources of data

Both primary and secondary data collection were gathered. As a source of primary data, information from the respondents

were gathered through a structured questionnaire. Secondary data were gathered from news papers, magazines, records, websites, and books. The primary data consists of questions related to the personal profile of the respondents. The respondents were asked to rate their opinions regarding General Perception on e-CRM, willingness to use e-CRM, and employees' perception on e-CRM in a 5 point Likert Scale (5-Strongly Agree, 4-Agree, 3 – Neutral, 2 – Disagree, and 1 – Strongly Disagree).

4.2 Area of the study

Chennai, Coimbatore, Trichy, Salem, and Erode

4.3 Sample Size

The population for the study is list of employees who use ECRM in five different cities. 50 employees from each of the five different cities are selected using Convenience Sampling. The total sample size is 250.

5. FRAMEWORK OF ANALYSIS

Based on the information obtained through the questionnaire, the data were coded and analyzed using statistical package. Some of the statistical tools used for analysis are Chi-Square analysis, Factor analysis, and Henry Garrett Ranking method.

5.1. Analysis and Interpretation

Chi-Square Analysis: Demographic Variables and Employees' General Perception on Internet:

Hypothesis is formulated to test the association between demographic variables and employees' general perception on Internet.

H1: Demographic variables have no relationship with employees' general perception on Internet

From the above table we infer that Age, Gender, Educational Qualification, Nature of job, Income, and Period of relationship with the bank are factors that have positive association with the respondents' perception on usage of internet.

Table 1. Demographic Variables and Employees' General Perception on Internet

Factor	Demographic Variable	Chi-Square Value	Significance	Result
General perception on Internet	Age	12.625	0.013	Significant
	Gender	19.389	0.000	Significant
	Educational qualification	29.897	0.000	Significant
	Computer Knowledge	11.447	0.046	Significant
	Nature of job	24.421	0.000	Significant
	Income	41.339	0.000	Significant
	Years of experience	20.538	0.002	Significant

Chi-Square Analysis: Demographic Variables and Employees' Willingness to Use E-CRM:

Hypothesis is formulated to test the association between demographic variables and employees' willingness to use e-CRM.

H1: Demographic variables have no relationship with employees' willingness to use e-CRM

From the above table we infer that Education, Nature of job, Income, and Years of experience with the bank are factors that have positive association with the respondents perception on willingness to use e-CRM. Age, Gender, and

Computer knowledge do not have any relationship in with willingness to use e-CRM.

Chi-Square Analysis: Demographic Variables and Employees' Perception on E-CRM

Hypothesis is formulated to find the association between demographic variables and employees' perception on e-CRM.

H1: Demographic variables have no relationship with employees' perception on e-CRM

From the above table we infer that Age, Educational qualification, income, Years of experience with the bank and

Table 2. Chi-Square Analysis – Demographic Variables and Employees’ Willingness to Use E-CRM

Factor	Demographic variable	Chi-Square Value	Significance	Result
Willingness to use e-CRM	Age	8.645	0.071	Not Significant
	Gender	5.590	0.061	Not Significant
	Educational qualification	46.324	0.000	Significant
	Computer Knowledge	7.783	0.248	Not Significant
	Nature of job	44.641	0.000	Significant
	Income	41.048	0.000	Significant
	Years of experience	71.788	0.002	Significant

nature of job all these factors have positive association with the respondents’ perception on use of e-CRM. Gender and computer knowledge is not having any relationship.

Factor Analysis: Willingness to Use E-CRM

There are eleven factors related to the Willingness to use E-CRM in both Public and Private Sector Banks. Factor

analysis is performed for the eleven factors and the results are shown below. These 11 factors are classified into four factors since its Eigen values are greater than one (4.384, 1.651, 1.324, and 1.157 respectively). Extraction method of principle component analysis under Varimax with Kaiser normalization rotation method converged after Seven iterations.

Table 3. Chi-Square Analysis: Demographic Variables and Employees’ Perception on E-CRM

Factor	Demographic variable	Chi-Square Value	Significance	Result
Willingness to use e-CRM	Age	26.635	0.000	Significant
	Gender	1.794	0.408	Not Significant
	Educational qualification	12.694	0.013	Significant
	Computer Knowledge	10.364	0.110	Not Significant
	Nature of job	25.694	0.000	Significant
	Income	23.524	0.003	Significant
	Years of experience	35.453	0.000	Significant

Based on the above table, the 11 factors related to Willingness of Bank Employees to Use E-CRM services can be classified into four groups such as:

Group 1: Customer Orientation

Group 2: Work Centric

Group 3: Initiatives

Group 4: Technology Preference

Hence, it can be concluded that employees’ Willingness to Use E-CRM can be classified into four groups like Customer Orientation, Usefulness to Work, E-CRM Initiatives, and Technology Preference.

6. PROBLEMS FACED IN E-CRM USAGE

To identify the problems faced by respondents on e-CRM usage, the respondents are asked to rank the five common problems based on the frequency of experiencing the problem. Those five problems are Loss of personal touch, Security Problems, System Crash, Mismatch between Traditional and E-CRM Channels, and Lack of Training. Henry Garret ranking method is employed to ascertain the results. The results are shown in the following table.

From the above table we infer that bank employees have given first rank to the problem Loss of Personal Touch, second rank to security Problems, third rank to System Crash, fourth rank to Mismatch between Traditional

Table 4 Results of Factor Analysis (Willingness to Use E-CRM)

SNo	Statement	Group 1	Group 2	Group 3	Group 4
Group 1	E-CRM programs will create new value for our major customers	.623			
	Constant touch can be had with customer through mails	.801			
	Work is done at faster rate using E-CRM	.795			
	E-CRM has improved my relationship with the customer	.684			
Group 2	Introduction of E-CRM in banks is a positive change		.872		
	Customer database collection is very easy through E-CRM		.763		
	Customer identification is very easy through E-CRM		.636		
Group 3	Our Bank e-CRM initiatives are very fast			.870	
	Our Bank e-CRM initiatives are very good			.832	
Group 4	The Internet and related technologies make it very easy to personalize the product				.938
	Technological changes provide big opportunities to deliver new levels of service to customers				.815

and E-CRM Channels, and last rank to Lack of Training, respectively. Respondents ranked loss of Personal Touch as the first problem in E-CRM usage.

7. SUGGESTIONS

Due to the invention of computers and its usage in all business processes, we lost the personal touch. Bank employees consider the fact of decreasing direct communication with the customers as the main problem in E-CRM usage. To overcome this problem, banks should arrange for Customer Interactions through which employees and customers can meet each other and that way, lot of misunderstandings between them can be removed. This will help to have a proper relationship between these two groups of interest.

In order to build a proper relationship with the customers, steps like enhancing employee performance, employees

volunteering to find a solution to customers' problems, establishing and maintaining a cordial relationship and personal touch with the customers, and professional approach of the banks' staff will have to be incorporated in formulating and implementing an effective customer retention strategy by the banks. The customers' confidence can be gained by providing complete solutions to the problems of customers with regard to the banking transactions.

8. CONCLUSION

Finally, to compete more efficiently in the marketplace, banks should provide proper instructions and personnel assistance to customers on how to use the E-CRM facilities. Proper training programs have to be arranged for all types of customers. The banks are investing heavily on Information technology, but unless they train their employees and

Table 6. Henry Garrett Ranking - Problems Faced in E-CRM Usage

S.No.	Channel	Total Score	Rank
1	Loss of Personal Touch	7411	I
2	Security Problems	6902	II
3	System Crash	6250	III
4	Mismatch of channels	5333	IV
5	Lack of Training	4262	V

customers, it will be very difficult for them to enjoy all the services and privileges provided by the banks. This is the key reason as to why the banks find it difficult to survive in the rigorously competitive banking scenario.

REFERENCES

- Ambashta, M. K. (1997). Customer Orientation- A Pre-Requisite for Banks' Success. *The Journal of Indian Institute of Bankers*, January-March, pp. 21.
- Amir, A. D., & Sunderpandian, J. (2002). *Complete Business Statistics*. New Delhi: Tata Mcgraw Hill Publications.
- Berry, L. L. (1995). Relationship Marketing Services- Growing Interest, Emerging Perspectives. *Journal of Academy of Marketing Science*, 23(4), pp. 236-245.
- Dhar, U., Dhar, S., & Jain, A. (2004). Service with a Difference: A Comparative Analysis of Private and Public Sector Banks. *Prestige Journal of Management and Research*, April-October, 8(1 & 2), pp. 17-29.
- Donald, C. R. & Shindler, P. S. (2003). *Business Research Methods*. New Delhi: Tata McGraw Hill Publications.
- Dyche, J. (2001). *The CRM Handbook: A Business Guide to Customer Relationship Management*. Boston, M.A: Addison-Wesley.
- Janki, B. (2002). Unleashing Employee Productivity, Need for a Paradigm Shift. *Indian Banking Association Bulletin*, March, 24(3), pp. 7-9.
- Kothari, C. R. (2004). *Research Methodology, Methods & Techniques*. New Age International Publishing.
- Mittal, A., Sonwalkar, J., & Mishra, A. K. (2003). An Exploratory Study of CRM Orientation among Bank Employees. *Indian Journal of Training and Development*, January-June, 33(1-2), pp. 34-44.
- Sekaran, U. (2009). *Research Methods for Business, A Skill Building Approach*. (4thed.) Noida: Wiley India.
- Sheth, J. A., Parvatiyar, A., & Shainesh, G. (2007). *Customer Relationship Management*. New Delhi: Tata Mcgraw Hill.
- Shainesh, G., & Mohan, R. (2000). The Status of Customer Relationship in India, Survey of Service Firms, In Sheth N. Jagdish (ed.). *Customer Relationship Management- Emerging Concepts, Tools and Applications* (pp. 369-378). New Delhi: Tata Mcgraw Hill Publications.
- Sundar, K., & Lakshmanan. (2005). Customer Care Management in Banks. *Management Marketers*, September-February, 1(3), pp.93-96.
- Venkataramana, V., & Somayajulu, G. (2005). *CRM- Emerging Concepts, Tools and Applications*. New Delhi: Excel Books.