

Chapter-3

CHAPTER – 3

RESEARCH METHODOLOGY

This chapter includes the rationale and scope of the study; research objectives, research hypotheses, research design, population and sample profile, data collection, data analysis, organization, significance and limitations of the study.

3.1 Rationale of the Study

Customer Relationship Management is one of the customer management strategies that direct the customer's needs at individual level rather than a group (Lambert, 2010). It helps companies to organize their activities around the customer. CRM is not just about consumer goods and services companies. It is the secret of success of every kind of business. Nowadays, only those companies that want to win the trust of their customers are successful. To understand more in customer relationship management, we must first understand three components that are the clients, the relationships and their management (Peppers and Rogers, 2004). Customer relationship Management is a comprehensive approach of creating, maintaining, and developing customer relationships that coordinate customer service, marketing, information technology, and other customer-related functions. It integrates people, processes and technologies to maximize relationships with all customers. It is not intended to build closer relationships with all customers, but it is recommended that companies take the initiative to identify the most valuable customers by looking for their value in life. From the bank's point of view, CRM is the process or management approach for attracting, retaining, and developing customers (Israni, 2016). Customer relationships are important and valuable to the business. The effective relationship between customers and banks depends on understanding the different needs of customers at different stages. The ability of banks to meet the needs of customers is what makes them feel more like a valuable person than being part of a large number of customers. CRM manages relationships between a company and its customers. It identifies the current and future markets, selects the markets to serve and identifies the

progress of existing markets and new services. It can be developed as a mutually beneficial long-term relationship with strategically important clients (Buttle, 2002). It is the creation, development, maintenance and long-term optimization of mutually beneficial relationships between consumers and organizations. Customer relationship management helps to understand the needs and wants of customers to place them on the top by combining business strategy, customers and information technology (Das, 2012).

3.2 Research Gaps

After reviewing the literature, it was found that most of the studies have been conducted to measure the role of customer relationship management practices. However, no studies have been undertaken regarding customer retention. The existing literature revealed that Majority of previous studies were conducted either in industries or in other institutions except banking sector. Similarly, no study has been carried out in Southern-Western region of Haryana regarding the CRM Practices. Therefore, this research study has been focused on the CRM Practices adopted by selected Banks in Haryana and the problems faced by the banks in the implementation of CRM Practices.

3.3 Research Methodology

In this section of the chapter, Statement of the Problem, its need and significance, objectives of the study and research methodology have been discussed as follows:-

3.3.1 Research Objectives

The following are the objectives of research.

1. To study the role of CRM Practices in clients retention adopted by selected Banks in Southern-Western region of Haryana.
2. To make a comparative study of CRM Practices related to client retention adopted by selected Banks in Southern-Western region of Haryana.
3. To study the problems faced by the banks in the implementation of CRM Practices related to client's retention.
4. To ascertain the problems faced by the customers related to CRM practices and suggestions to improve the system.

3.3.2 Contribution and Need of the Study

The study has examined viewpoint of existing customers toward the bank services and acquiring new costumers with the help of customer relationship management practices. This study also identified the problems prevailing in implementation of customer relationship management by banks in the state of Haryana. This study has measured the impact of customer relationship management practices on customers in the state of Haryana. This study also explained how CRM practices can improve the overall performance of banking sector by adopting new ways of marketing and focused on how the banks can increases their turnover and profit by adopting CRM practices.

3.3.3 Scope of the Study

The present study covers public and private sector banks and their customers in the state of Haryana.

3.3.4 Selected Banks

The study covers Public and private sector banks and the following Banks were selected: **Public Banks-** State Bank of India & Punjab National Bank will be selected on the basis of capital infusion announced by finance ministry 2019 and among the **Private Banks-** HDFC Bank & ICICI Bank will be selected on the basis of their net worth according to Reserve Bank of India and their services.

3.3.5 Area of the Study

The study was conducted in Southern-Western region of Haryana. As per the geographic map of Haryana, five districts viz., Sirsa, Fatehabad, Hisar, Bhiwani & Mahendergarh fall in the Southern-Western region of Haryana. Therefore, these five districts have been selected for the study.

3.3.6 Sampling Technique

In this section of the chapter, sample size and sampling technique is discussed as follows:-

Sample Size

(a) The following expression (given by W.G.cochran) is used to obtain the sample size for bank customers with + 5% level of precision/ Margin of error along with 95% desired confidence interval.

$$\text{Sample Size } n_0 = \frac{Z^2 p q}{e^2} = \frac{(1.96)^2 (.5) (.5)}{(.05)^2} = 384.16$$

n_0 = required sample size

Z = Confidence interval at 95 % (standard value of 1.96)

p = estimated prevalence

e = margin of error at 5%

The loss of effectiveness by the use of cluster sampling, instead of simple random sampling, is the design effect. The design effect is basically the ratio of the actual variance, under the sampling method actually used, to the variance computed under the assumption of simple random sampling.

$$\text{Design effect (DEFF)} = n_0 \times D$$

D = Design effect, considered to be 2 in Multistage Sampling.

$$384.16 \times 2 = 768.32$$

The sample size is further increased by 5% to account for contingencies such as non-response.

$$768.32 + 5\% = 768.32 + 38.416 = 806.736 \text{ (810 Approx)}$$

(b) 200 bank employees of selected districts i.e., Sirsa, Fatehabad, Hisar, Bhiwani & Mahendergarh of Southern-Western region of Haryana state have been selected.

3.6.7 Sample Profile & Data Collection

Both primary as well as secondary data was used in the present study. The primary data have been collected through two different questionnaires, finalized on the basis of pilot study, from selected banks, on five point Likert scale *i.e.* Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree (SD). The respondents have been selected using the Multi Stage Sampling Technique from the respondents of Southern-

Western region of Haryana. In the Multi Stage Sampling Technique, the following stages have been used:-

1st Stage: Southern Western Region of Haryana has been selected.

2nd Stage: Five districts viz., Sirsa, Fatehabad, Hisar, and Bhiwani & Mahendergarh of Southern Western Region of Haryana have been selected.

3rd Stage: A list of Customer from selected Banks has been taken and every fourth customer has been selected on the basis of Stratified Random Sampling method.

4th Stage: Banks have been selected from the list of 12 public and 22 private banks after merging in 2019 in which two public sector banks (State Bank of India & Punjab National bank) and two private sector banks (HDFC bank & ICICI bank) have been selected. The public sector banks have been selected on the basis of capital infusion announced by finance ministry 2019 and private sector banks have been selected on the basis of net worth according to Reserve Bank of India and their services.

3.8 Data Collection

Both primary as well as secondary data was used in the present study. The primary data have been collected through two different questionnaires. First questionnaire was administered to 800 bank customers of selected banks to know the impact of CRM practices on customer retention and problems faced by them. Second questionnaire was administered to 200 bank employees to ascertain the problems faced by the banks in the implementation of CRM Practices. On the other hand, secondary data have been collected from various Journals, Magazines and Annual Reports of selected institutions.

3.9 Techniques of Analysis

The collected data have been analyzed with the help of various appropriate statistical techniques such as descriptive techniques viz., Mean, Standard Deviation, and Variance etc. To check the validity of the results, Crohn's back alpha technique has been used. For testing of hypothesis, Chi-square test, ANOVA, Factor Analysis has been used with the help of leading software SPSS.

3.10 Reliability of the Scales

The reliability coefficient called Cronbach's alpha is used to estimate the internal consistency of the scale. An alpha value of 0.60 or above is considered the criterion for demonstrating internal consistency of scales. The values of Cronbach's alpha Coefficients of the scales used for data collection in the present study are shown in Table 3.2, which indicates that all the values are more than 0.60; therefore the scales may be considered reliable (*Pallant, 2011*).

Reliability Indices for the Research Scales

Sr. No.	Statements	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
1	Effective Behaviour of Employees	0.501	0.523	14
2	Products and Services offered by Banks	0.608	0.612	14
3	Facilities & Infrastructure	0.760	0.714	12
4	Effective Grievance Redressed System	0.929	0.930	10
5	Focus on Customers Satisfaction and Customers Loyalty	0.733	0.729	18
6	Problems faced by Banks in Client Retention	0.839	0.839	17

Source: *Primary Survey Data*

3.11 Organization of the Study

The present study is divided into following six chapters:

Chapter I: Introduction covers the introduction of CRM, CRM Practices, Profile of Selected Banks, and Meaning of Customers' Retention Strategies, etc.

Chapter II: Review of Literature includes the review of international and national literature and research gap to provide the base for the present study.

Chapter III: Research Methodology covers the rationale of the study, scope of the study, research objectives, research hypotheses, research design, population and sample profile, data collection, data analysis, reliability of the scales; organization, significance and limitations of the study. Research methodology also covers research design, formulation of problem, Objectives of the study, scope of study, area of study, sample size, sample design, sample unit and data collection.

Chapter IV: Analysis and Interpretation regarding the Impact of CRM practices on banks

Includes the analysis of number of SHGs and their savings, loans disbursed to SHGs, loans outstanding against SHGs, and non-performing assets of microfinance institutions/banks in India and Haryana.

Chapter V: Analysis and Interpretation regarding Impact of CRM practices on customers include the analysis of the problems faced by the banks, SHGs and beneficiaries in microfinance scheme.

Chapter VI: Summary of Findings and Recommendations covers the summary of the findings of the study, conclusion, recommendations and scope of further research in the domain of the present study.

3.12 Limitations of the Study

The study is based on both primary and secondary data. While collecting the primary data, most of the respondents were hesitant in providing the desired information

especially bank employees due to time constraints and other pre-occupied assignments. Some of them also denied filling the questionnaires due to the reasons best known to them, and many a times, the researcher has to convince them about the purpose of study also. Further, the sample size for conducting the study is limited to 200 bank employees (50 from each bank and 40 each from each district) and 800 bank customers (160 each from each district) only. The study is limited to five districts of state *i.e.* ., Sirsa, Fatehabad, Hisar, and Bhiwani & Mahendergarh of Southern Western Region of Haryana, therefore the results drawn may not be applied to other parts of the state of Haryana and entire country. On the other hand, lack of knowledge and experience on the part of the researcher is also a major limitation of the study.