CUSTOMER RELATIONSHIP MARKET ORIENTATION IN BANKS

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Abstract

Relationships are the essence of life. It is difficult to think about any society or organization to survive without relationships. Organizations are realizing the importance of the vital role played by relationships in achieving and maintaining the cutting edge at the market place. The Present study focus on the customer Relationship management is Retail banking especially Public, Private and New private Sector banks. The study infers that even though the Public Sector banks are doing more business, it is comparatively week in customer Relationship management, they are lacking behind the other two groups of banks.
Key Words: Relationship Marketing, Orientation, Banking Services.

Introduction

The Indian Banking system certainly wears a new look. Times are tough, but they are exciting too. All existing methods of banking are giving way to new thinking and focus so that good relationship with the customers can be maintained. Customer friendliness has been felt as the need of hour. Declining quality of customer service and the imperative to improve the standard has been a cause of serious concern for Government as well as RBI. In order to consider various aspects of customer service in banks and suggest further corrective measures Government of India appointed Talwar Committee in 1977 which has suggested that the main purpose of banking was to create and deliver customer needed services in a customer satisfying manner. Then in 1990 another committee was appointed by RBI under the chairmanship of Late Shri.M.N.Goiporia, the chairman of SBI, which recommended initiating proactive measures, grievances handling and Redressal of complaints as core customer service areas. Better Customer Relationship is a key strategy. Relationships are not built overnight. They pass through different stages namely contact, involvement, intimacy, deterioration, repair and dissolution. A relationship can terminate from any of these stages. It is therefore, essential for a bank to understand the stage at which it could better sell banking services.

CRM Orientation

Long-term relationships offer important sustainable competitive advantages to firms. The underlying assumption is that long-term relationships will probably evolve cooperation, goal sharing and risk sharing, and thus each side will tend to expect that its own performance is mutually dependent on the relationship performance, and thus in addition to benefiting from own results, will benefit form joint results. Long-term relationship orientation may be defined as the perception of mutual dependence of outcomes in such a way that joint relationship outcomes are expected to profit from the relationship in the long run. Long-term orientation is related to maximizing profits along several transactions versus a single transaction in short-term-oriented firms. CRM is fundamentally cross functional customer focused business strategy (Buttle, 2000); Kellen (2002) defined CRM as “a business strategy aimed at gaining long term competitive advantage by delivering customer value and extracting business value simultaneously”. Gronroos (2003) opined that the long-term economic result of a firm and value for shareholders does not come from the stock market, but from the customers of that firm. He suggested that organizations should realize and invest in customers and portfolios of customers to get a future return on investment and continuous flow of cash flows. Reaffirming benefits of CRM practices, Gupta et al (2004) found that 1% improvement in retention, margin, or acquisition cost improves the firms value by 5%, 1% and 0.1% respectively, and proposed valuing customers in terms of ‘expected sum of discounted cash flow for future earnings’.

Objective of the Study

The present study is confined to the following objectives:

i) To exhibit the profile of the employees in banking
ii) To examine the relationship market orientation among the employees.
iii) To summate the findings and offer suitable suggestions.

Methodology

The banks are classified into public sector banks, private sector banks and new private sector banks. Initially, 10 each banks from three sectors in Madurai have been selected for the study purposively. From each bank, 5 employees are selected purposively for the study. In total the proposed sample size come to 150 employees. The pre structured questionnaire was mailed to all employees by post. Within a prescribed period of 10 days, the number of employees, who have responded and that will be taken as the sample size of the present study. Since the present study is highly relied on primary data, the data are collected using questionnaire. The content of the questionnaire have been designed on the basis of the objectives of the study. The variables related to Relationship Market Orientation, are drawn from various reviews and the view of experts in the field. Initially, 30 employees will be selected for pilot study. After the pilot study, the necessary additions and modifications were carried out to obtain the final draft of questionnaire. The data are collected through the mailed questionnaire. The collected data are processed with the help of appropriate statistical tools. These are Factor analysis, One way Analysis of Variance and Reliability Test (Cronbach Alpha)

Profile of the Respondents

Present study reveals the CRM in banks as per the view of their employees. The important sex among the employees is male. The dominant designation among the employees is low level executive which includes the bank staffs, clerks and cashiers. The important levels of education among the staffs are under graduation with CAIIB. The numbers of branches worked so far among the employees are 6 to 8 and 3 to 5 branches. The dominant monthly incomes among the employees are Rs.15001 to 20000 and Rs 20001 to 25000. The most important monthly income among the employees is Public sector bank is above RS.25000 whereas is Private Sector banks, it is Rs.20001 to 25000. In the case New Private Sector banks, it is RS.15001 to 20000.

Findings and Discussion

The customer relationship orientations in commercial banks are calculated from various variables drawn from reviews. Even though, many variables related to the relationship marketing orientation, the present-study confine these variables to 30. The employees are asked to rate the 30 variable at five point scale according to the order of implementation at their banks. The data are taken for factor analysis, the results are given Table 1.

Table 1.1 Factors in Customer Relationship Orientation in Banks

Sl. No.	*Factors*	*Number of Variables included*	*Eigen Value*	*Percent of variation Experienced*
1.	Communication	8	8.821	27.476
2.	Bonding	8	5.710	19.785
3.	Shared Value	6	3.514	15.742
4.	Trust	3	1.572	11.911
KMO measures of sampling adequacy: 0.817			Bartlett's test of sphericity" Chi-square: 4031.13*	

The important Relationship market orientation factors narrated by the factor analysis are Communication, Bonding, Shared value and Trust. The 'Communication' consists of eight variables with the reliability coefficient of 0.7339. The highly associating statements in the Communication are Customer Counseling, share the bank value and frequent communication to customer. The variables included in 'Bonding' explain the 'Bonding' factor to the extent of 75.62 per cent. The highly associating variable in 'Bonding factor' is Personal attention. The variables included in shared value explain the 'shared value' factor to the extent of 69.63 per cent. The highly associating variables with this factor are Bank trusting customer, sharing the bank's feelings with customers and sharing view on banking environment. The reliability coefficient of 0.7233 explains that the variables included in trust explain 'Trust' factor to the extent of 72.32 per cent. The highly associating variables with the trust factor are try to keep long term relationship, communication on the services and changes and thinking the customers are trust worthy.

The highly followed variables in the Public sector banks are competency of employees, courtesy of employees and, information and keeping customers. In the Private sector banks, these are competency of employees, handling customers' complaints and; speed and time measurement. In the case of New Private sector banks; these are handling customers' complaints, speed and time measurement and competency of employees. Regarding the importance given on the variables in customer service model, the significant difference among three group of banks have been identified in the case of speed and time measurement; personal interaction with customer; competency of employees, meeting customers' expectations, consistent evaluation of customer needs, long term relationship and handling customer complaints. The important systems established for customers care management in Public Sector banks are computerization of banking operation, customer complaints management and complaint audit. In the private Sector banks, there systems are routine steps in complaints management, rewarding for annual discipline and computerization of banking operations. In the New Private Sector banks, these important systems are customers' complaints management, routine steps in complaints management and complaints audit.

Conclusion

The present study conclude that the relationship market orientation among the staffs in Private and New Private Sector banks are better than in Public Sector banks. The study infers that even though the Public Sector banks are doing more business, it is comparatively weak in customer Relationship management. The Public Sector banks must realise the fact and formulate appropriate strategy to establish CRM in their banks. Then only they can enrich their performance for better than other two groups. Since the network of banking is very wide in Public Sector banks, these will be a better scope for better performance through the better customer Relationship management. Banks, both in Private sector as well as Public Sector have to gear up their speed to adopt the fast changing technology. Organisational structures have to be changed to suit the customer needs. Banks should realise that the customer is the "focus Point" to improve the business. Banks have to evolve plans and strategies to cater better service and enhance satisfaction levels and try to create a brand image. To conclude, the banking industry is vibrant and active in India, due to technological revolution. Banks have to utilize this opportunity to become more and more strong organisations providing essential services.

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