RESEARCH ARTICLE

EMPLOYEE PERCEPTION ON ECRM IN BANKS – AN EMPIRICAL INVESTIGATION

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ARTICLE INFO	ABSTRACT
	Today we have an emerging concept called ECRM – Electronic Customer Relationship Management, a means for the companies to conduct interactive and personalized communications with customer. This can be possible using both electronic and traditional channels. Companies whether manufacturing or service industries, need to adopt right customer relationship strategies in order to survive in the competitive world. This is very much true for service industry like banks. Due to LPG era banks in India, are facing severe competition. Both public and private banks have to rise up to the level of satisfying entire customer groups to sustain in the competitive environment. Banks are using ECRM tools for creating relationship with their customers. Bank employees are working with these ECRM tools and success of these tools 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 perception on ECRM tools. Employees from public and private sector banks are selected randomly from different cities of Tamilnadu and questionnaire was used as a data collection tool and data is analyzed using various statistical tools. The study concluded that banks are investing heavily on Information technology but unless they train their Employees and customers it will be very difficult for them to enjoy all the services and privileges provided by the banks. Keywords: Customer Relationship Management, Electronic Customer Relationship Management, Private Sector Banks, Public sector banks.

INTRODUCTION

With stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. In past days we have witnessed that people wait for an hour before withdrawing cash from accounts or a cheque from north of the country being cleared in one month in the south. It was tough to belief that banking sector will be at a finger tip before 10 years. 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 through these devices and systems. Activities like checking account, transferring the fund, make payments and what more. Today customers are doing anything of everything what has been followed in physical banking since ages without standing for hours in front of cash counter and no time foundation in withdrawing our own money.

Review of literature

Berry (1995)[i], in his article "Relationship marketing services, Growing interest, emerging perspective" has a strategic viewpoint about CRM in somewhat broader terms. He stresses that attracting new customers should be viewed as an intermediate step in marketing process. He also stressed that in this competitive era, developing close relationship with these customers and turning them into loyal ones are equally important aspects of marketing. 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)[ii], 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. The banks have two jobs to perform – to retain the old customer and attracting new customers. But finding new customers is costlier and time consuming business than retaining an old one. In spite of maintaining the old customer, 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 satisfies through accomplishment of customers' work as per their expectations, and 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)[iii], have conducted a survey on 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 centric, whether they select technology based on understanding of customer needs, whether they empowered their Employees to deliver superior service, and how they are managing the customer satisfaction. The exploratory research was conducted in two-stage process. First stage, using questionnaire, 77 managers of service firms operating in India were surveyed. These managers belonged to hospital industry, IT and telecom industry and financial industry. 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 centric business processes of various service industries, technology selection employee

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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. The 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 them to sustain the initiatives. These milestones become benchmarks against which future programs get evaluated.

B.Janki (2002)[iv], analyzed in her article that how technology is effecting employee's productivity. There is no doubt, in India particularly PSBs 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 and whether banks actually achieve what they want to achieve will be determined by the drive and motivation of their work force and response of the staff.

Mittal, et al. (2003)[v] 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 Employees were found to be significantly different on 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)[vi] 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 the tangibility, reliability and access seem to be typical factors of Public sector banks.

Sundar and Lakshmanan (2005)[vii] stressed 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. 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.

Objectives of the study

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

Scope

Scope of the study is restricted to selected public and private sector banks in selected cities of Tamilnadu.

Limitations

The study was limited to selected cities in Tamilnadu, hence the findings of the study may or may not be generalized.

METHODOLOGY

In a view to precede 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 just describes the employee opinion as such it exists.

Data and Sources of Data

Both primary and secondary data collection was made. As a source of primary data questionnaire was prepared to obtain information from the respondents and apart from this to gather some relevant secondary information the secondary data were obtained from news papers, magazines, records, websites and books.The primary data consists of questions related to personal profile of the respondents. The respondents were asked to rate their opinion regarding General Perception on e-CRM, willingness to use eCRM and employees' perception on e-CRM in a 5 point Likert Scale (5-Strongly Agree, 4-Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Disagree).

Area of the study

Chennai, Coimbatore, Trichy, Salem and Erode

Sample size

The population for the study is list of employees who use ECRM in five different cities. 25 employees from each of the five different cities are selected using Convenience Sampling. The total sample size is 125.

Period of study

Jan 2011 – July 2011

Framework of Analysis

Based on the information obtained through the questionnaire the data were coded and analyzed using statistical package. Some of the analytical tools used for analysis are Chi-square analysis, Regression and Correlation.

Analysis and Interpretation

The demographic profiles of respondents such as age, gender, educational qualification, computer knowledge, Income are compared for both public and Private Sector Banks. The bank details of employees like nature of job, years of experience with the bank are compared for public and Private Sector Banks. (Annexure 1)

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 are having 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 all these factors have positive association with the respondents' perception on usage of internet.

Chisquare 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 are having no relationship with employees' willingness to use e-CRM

Table 1. Demographic variables and employees' general perception on internet

Factor	Demographic variable	Chisquare 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

Table 2. Chisquare analysis – Demographic variables and employees' willingness to use e-CRM

Factor	Demographic variable	Chisquare 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

Table 3. Chisquare analysis – Demographic variables and employees' perception on e-CRM

Factor	Demographic variable	Chisquare 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

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

From the above table we infer that Education, Nature of job, Income and Years of experience with the bank all these factors have positive association with the respondents perception on willingness to use e-CRM. Age, Gender and Computer knowledge is not having any relationship in with willingness to use e-CRM.

Chisquare 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 are having 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 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 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, 1.157). Extraction method of principle component analysis under Varimax with Kaiser normalization rotation method converged after Seven iterations. From the above table it is found that all the 11 factors related to Willingness of bank employees to E-CRM services are classified into four groups such as

Group 1: Customer Orientation
Group 2: Work Centric
Group 3: Initiatives
Group 4: Technology preference

It is 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.

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.

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

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 and E-CRM channels and last rank is given to lack of training. Respondents ranked loss of personal touch as the first problem in e-CRM usage.

Suggestions

Due to the invention of computers and its usage in all business processes most of the time one loses the personal touch. Bank employees feel the loss of personal touch as the main problem in E-CRM usage. To overcome this problem, banks should arrange for Customer Communions and Interactions to make the Employees and customers meet each other through which lot of misunderstandings between them can be removed. This will help to have a proper relationship between Employees and customers. In order to build a proper relationship with the customers, the steps like enhancing the employee performance, Employees volunteering to find a solution to customers' problems, establishing and maintaining a cordial relationship and personal touch with the customers, professional approach of the staff of the banks 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.

Conclusion

Finally, to compete more efficiently in the marketplace, the banks should provide proper instructions and personnel assistance to their customers on how to use the E-CRM facilities.

Proper training program have to be arranged for all the customers. The banks are investing heavily on Information technology but unless they train their Employees and customers it will be very difficult for them to enjoy all the services and privileges provided by the banks. This is the key reason that the banks find it difficult to survive in the rigorously competitive banking scenario.

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