

Research Article

Customer Relationship Management (Crm) And Customer Satisfaction In Rural Banks In Kerala

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Abstract

In The Present-Day World, Numerous Organizations, In Various Industries Like Retailing, Insurance, Banking And Other Service Providers, Understand The Significance Of Customer Relationship Management (Crm) And Its Importance In Acquiring New Customers And At The Same Time They Focus On Holding The Existing Ones So As To Increase Their Competitive Advantage In The Industry. This Study Attempts To Analyze The Effect Of Crm Practices On Customer's Satisfaction, In The Rural Banks Of Kerala. Significant Data Was Collected From Both Primary And Secondary Sources For The Study. This Study Will Help The Selected Banks To Effectively Implement Crm Practices.

Keywords: Crm, Customer Satisfaction, Rural Bank, Customer Retention, Service Quality

1. Introduction

Customer Relationship Management Is One Of The Methods To Manage Customer As Its Main Function To Comprehend The Customers As People Rather Than As A Component Of A Group. Crm Deals With Organizations And Their Association With The Customers. Organizations Apply Crm Practices In Their Business Operations By Constantly Improving And Efficiently Delivering Required Services To Customers. It Is Important To Know About The Three Components And They Are Customer, Relationship And Management Before Analyzing Crm. Managing Customer Relations Is Valuable And Important To The Business. Customer Is Viewed As The Primary Focus In Banking Industry As It Provides Customer-Based Services. The Viable Relationship Among Customers And Their Respective Banks Is Based On The Better Understanding Of The Banks About Their Needs At Various Levels Of Transaction. When Banks Make Efforts To Know The Customers' Needs And Act According To That, They Are Made To Feel Like A Potential Customer Rather Than Being A Part Of A Large Group Of Other Customers.

Crm Helps In Distinguishing The Most Beneficial And Prospects Customers For The Bank And Enables The Bank To Provide Them With Better Services And Thereby Improve Their Relationship. The Related Authorities Of The Banks Need To Ensure That They Communicate The Changes To Customers In A Courteous Manner So That Customers Cultivate A Positive Attitude About The Banks. Crm Is Highly Impacted To Banking Industry In The Context Of Rural Regions In India. There Are Many Customers Who Lack Awareness And Knowledge To Utilize The Available Facilities Provided By The Banks In Rural Areas. This Is In Comparison Of Performing Banking Activities In Urban Areas Which Is Better Than Rural Areas. This Variance Can Be Evaded By Implementing Effective Crm Practices By The Top Management Which Remove The Gap In Relationship Between The Bank And Its Customers.

2. Review Of Literature

Baru (2019) Emphasized Explicitly On The Effect Of The Crm On Customer Loyalty And Customer Satisfaction. Crm Is Viewed As A Practice That Organizations Need To Adopt In Order To Increase Their Customer Base. The Outcomes Of This Study Are Varied With Production Pattern, Crm Arrangement, Enterprises And Nations Examined. The Three Measurements Such As Service Access, Quality And Handling Of Complaints Are Regularly Utilized By The Banks With Which The Satisfaction And Loyalty Levels Of Customers Are Addressed.

Joshi And Sankaranarayanan (2015) Analyzed That The Financial Industry Is Going Through Enormous Rivalry. It Is Quality Of Service That Will Guide The Organizations To Motivate Customers To Purchase Their Services And Products. Providing Better Service Quality Is Assumed To Be Essential For Accomplishment And Achievement, If Not Endurance, Of Such Organizations In The Part Of The Service. Service Quality Assumes A Significant Function In Reaching Satisfaction Level Of Customer. Banks Are Striving To Increase The Satisfaction Level Of Customers By Offering Them Better Quality Of Service. A Relative Report Has Been Directed Between The Customers' Impression Of Service Quality Of State Cooperative Banks And Multi-State Cooperative Banks. The Study Clarifies That There Is A Gap Prevailing Between The Expectations Of The Customers And The Actual Service Which They Perceive From The Banks.

William George Et Al. (2013) Observed That Intense Competition Among The Commercial Banks Have Been Competing With Each Other In The Industry For Market Share. Hence, Each Bank Began To Contend For Increasing Satisfaction Level Of Customers For Their Growth And Survival In The Industry. In This Context, The Study Analyzed The Commercial Banks In Ernakulam District,

Maintain Customer Relationship To Ensure Retention Of Potential Customers. The Study Also Compared The Crm Performance Among Private And Public Sector Banks.

Chary & Ramesh (2012) Stated That Crm Is A Business Technique That Helps In Recognizing The Bank's Most Potential And Prospecting Customers. Organizations Commit Time And Attention For Establishing A Cordial Relationship With The Customers Through Personalized Marketing And Customized Service. Bank Employs Different Sales Channels To Reach Customers. Any Financial Institution That Is Looking To Embrace A Customer Relationship Model Ought To Consider The Key Business Prerequisites Such As Creating A Customer Focused Infrastructure, Assessing The Value Of Customers, Increasing The Effectiveness Of Each Customer Relationship, Comprehend Ways To Attract New Customers And Increase Rate Of Return Through Marketing Campaigns.

3. Research Gap

Survey Of Available Literature Uncovered That There Are No Adequate Exploratory Or Empirical Studies Those Have Been Carried Out So Far To Assess The Best Practices Of Crm And Customer Satisfaction In Rural Banks Of Kerala. A Study Of The Present Nature Is Highly Required In This Context. It Was Also Found That Many Literatures Failed To Acknowledge The Efficacy Of Customer Retention Strategies And Service Satisfaction In Order To Determine The Value Of Crm In Banking Industry. Another Significant Gap That Led To The Present Study Is That The Existing Studies Did Not Analyze The Relationship Between Service Providers And Service Seekers Among Rural Regions. Hence, The Present Study Statistically Analyzed The Perception Of Customers Towards The Bankers In Rural Areas Of Kerala. Therefore, The Current Study Intended To Provide Suitable Numerical Representation To Identify The Effectiveness Of Crm And Customer Satisfaction In Rural Banks Of Kerala.

4 Statement Of The Problem

The Intention Of Crm Concept Is To Understand The Customer. In Any Business Organization, Various Departments Coordinate And Apply Crm In Order To Bring Coherence For Achieving Customer Satisfaction. Banking Sector Is Not An Exception To This Case. Banks Implement Crm As A Business

Approach For Carrying Out All Its Business Activities So As To Initiate, Establish, Maintain And Develop Long Term Relational Exchanges. It Is A Relational Phenomenon To Promote

Customer Satisfaction As An Outcome Of Customer Relationship Management. Banks Aim To Adapt Crm Strategy To Strengthen The Relationship With Customers To Provide Quality Service To Customers. In Light Of The Above Discussions, The Present Study Analyses The Role Of Crm In Banks, Especially In Rural Areas Which Is Crucial In Driving The Banks Towards Elevated Level Of Customer Satisfaction And Volume Of Benefits To The Rural Customers. So, There Is A Need To Contemplate The Function Of Crm In Promoting And Developing Customer Satisfaction In Banking Sector In Rural Areas Of Kerala Through The Marginal Practices, Issues And Effect Of The Crm On Banking Division Constantly.

5. Need For The Study

It Is Essential For Banks To Pay Sufficient Attention To Augment The Customer Base In Many Ways. This Is Possible, If The Performance Is At Good Level, And The Current Customers Recommend The Bank To Others Customers. Globalization And Competitive Pressure Of Banking Services Are Constraining Banks To Be Profitable And Productive. The Present Banking Service Industry Entered A Period Of Disturbance Where Change Is Quickening, And Market Interruptions Are Inescapable And Customers Are More Anxious And Have High Demands And Expectations. Banks In Rural Regions Can Improve Customer Services By Utilizing Technology And Innovation Support To Deliver Quality Service And Products To The Customers. To Retain Existing Customers And To Discover New Customers, Rural Banks Should Zero In Emphatically On Relationship Management With Customers. Thus, There Is A Need To Study About The Significance Of Customer Relationship Management And Customer Satisfaction In Rural Regions Of Kerala. The Study Area Was Chosen With Respect To The Industrial And Commercial Importance Held By The State Of Kerala In India.

6. Significance Of The Study

Every Bank In The Industry Strives Hard To Stand Unique Among Other Organizations. However, Increased Regulation And Competition Have Made It Difficult To Accomplish The Goal. Perhaps, The Emergence Of Crm Technique Has Provided Banks With Various Technologies Such As Online Banking, Atm Facilities Etc., For The Convenience Of Customers And Thereby Enhance The Customer Retention Factor. Banks Use Crm Tools By Collecting Data Through Customer Feedback, Transaction And Signups. These Data Are Used By The Bank To Process The Demands And Requests Of The Customers. The Present Study Analyzed The Customer Relationship Management Techniques Practiced By Rural Banks In Kerala And Level Of Customer Satisfaction Achieved Through The Adoption Of Crm.

7. Objectives And Hypothesis

7.1 Research Objectives

- To Measure The Satisfaction Level Of Customers On Crm Practices Offered By Rural Banks In Kerala.
- To Evaluate The Various Factors Those, Influence Customer's Satisfaction On Rural Banks.
- To Access The Employee's Perception Towards Crm Practices.

7.2 Research Null Hypothesis

H₀₁: There Is No Significant Difference Between Education Groups With Regard To The Service Quality, Physical Environment, Employee Behaviour, Customer Satisfaction And Customer Retention.

H₀₂: There Is No Significant Difference Between Age Groups With Regard To The Service Quality, Physical Environment, Employee Behaviour, Customer Satisfaction And Customer Retention.

H₀₃: There Is No Significant Relationship Between Service Quality And Customer Retention
 H₀₄: There Is No Significant Relationship Between Employee Behaviour And Customer Satisfaction

8. Research Methodology

Research Design: The Present Study Is Descriptive And Empirical In Nature.

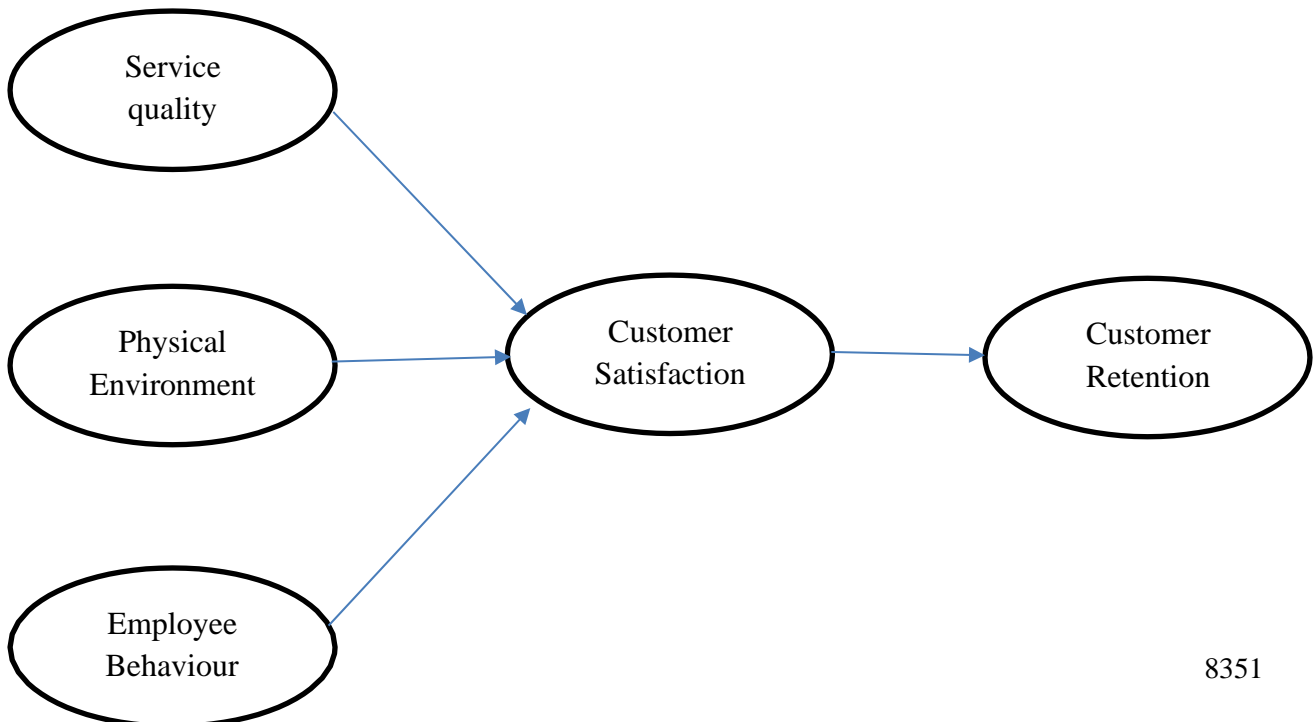
The Study Selected Six Of Regional Rural Banks (Kerala Garmin Bank) From Various Districts Of Kerala (Alappuzha District -2 Branches, Ernakulam District -2 Branches And Thrissur District – 2 Branches). A Sample Of 211 Respondents With Different Age Groups, Educational Profile And Diverse Socio-Economic And Occupational Status, Were Selected As The Sample Population By Using Convenience Sampling Technique For This Study. The Study Utilized Both Primary And Secondary Data Collection Methods. The Researcher Followed The Survey Method With The Help Of Structured Questionnaire. The Convenience Sampling Method Is Used For Collecting The Data And The Data Was Gathered By Conducting A Personal Interview With The Customers Of 6 Selected Regional Rural Banks From Various Districts Of Kerala.

The Views Of The Customers Regarding Their Satisfaction Towards Crm Practices Of The Concerned Banks Based On Five Points Likert Scale. These Five Points And Their Respective Scores Are Given Below:

Sda (Strongly Disagree)	Da (Disagree)	N (Neutral)	A (Agree)	Sa (Strongly Agree)
1	2	3	4	5

Since The Present Study Is Empirical, The Dimensions Selected For Measuring Customer Satisfaction Are As Follows Viz. Service Quality, Physical Environment, Employee Behaviour, Customer Satisfaction And Customer Retention. Every Empirical Study Measures The Reliability Of The Research Instrument. Cronbach’s Alpha Was Used To Verify The Reliability Of The Questionnaire In This Study. The Secondary Data Was Collected From E-Journals, E-Books, Newspapers, Periodicals, Research Papers, Authorised Websites And Company Reports. Statistical Tools Applied To Test The Hypotheses Were Anova And Correlation.

Conceptual Frame Work



Reliability Analysis

Cronbach Alpha Is Used To Verify The Reliability Of Questionnaires In A Study And It Is Widely Used Reliability Statistics In Research Works (Cronbach And Meehl 1955). It Is Mainly Applied To Find Out The Average Correlation Or Internal Consistency Of Items Within A Survey Instrument. This Helps In Obtaining The Reliability Measure Of The Items When The Alpha Value Is More Than 0.70. The Following Table Presents The Cronbach Alpha For The Present Survey Instrument.

Table: 1
Pilot Study (Reliability Analysis)

Sl. No.	Variables	Alpha Value
1	Service Quality	0.745
2	Physical Environment	0.762
3	Employee Behaviour	0.812
4	Customer Satisfaction	0.779
5	Customer Retention	0.804
6	Overall Instrument	0.780

9. Data Analysis

The Gathered Data From The Respondents Belonging To Kerala Is Evaluated And Interpreted To Conclude The Research.

Education (One-Way Anova)

H_{01} : There Is No Significant Difference Between Education Groups With Regards To The Service Quality, Physical Environment, Employee Behaviour, Customer Satisfaction And Customer Retention.

Table: 1

Variance		Sum Of Squares	Df	Mean Square	F	Significant
Service	Between Groups	8.900	3	2.967		

Quality	Within Groups	2332.398	207	11.268	.263	.852
	Total	2341.299	210			
Physical Environment	Between Groups	79.980	3	26.660	2.409	.068
	Within Groups	2291.148	207	11.068		
	Total	2371.128	210			
Employee Behaviour	Between Groups	125.891	3	41.964	3.617	.014
	Within Groups	2401.863	207	11.603		
	Total	2527.754	210			
Customer Satisfaction	Between Groups	302.877	3	100.959	5.307	.002
	Within Groups	3937.654	207	19.022		

	Total	4240.531	210			
Customer Retention	Between Groups	114.387	3	38.129	2.140	.096
	Within Groups	3688.684	207	17.820		
	Total	3803.071	210			

*** Significant At The 5% Level**

Analysis:

Table 1 Clearly Depicts The P Value For Employee Behaviour And Customer Satisfaction As 0.014 And 0.002 Respectively Which Is Lesser Than 0.05. Therefore, The Null Hypothesis Is Rejected. As The P Values For Rest Of The Dimensions Are Higher Than 0.05 So, Their Null Hypothesis Is Found To Be Accepted.

Inference:

There Is A Significant Difference Between The Education Group For The Variables - Employee Behaviour And Customer Satisfaction.

There Is No Significant Difference Between The Education Group For The Variables - Service Quality, Physical Environment And Customer Retention.

Age (One Way Anova)

H₀: There Is No Significant Difference Between Age Groups With Regards To The Service Quality, Physical Environment, Employee Behaviour, Customer Satisfaction And Customer Retention.

Table: 2

Variance		Sum Of Squares	Df	Mean Square	F	Sig.
Service Quality	Between Groups	9.465	3	3.155	.280	.840
	Within Groups	2331.833	207	11.265		
	Total	2341.299	210			

Physical Environment	Between Groups	69.476	3	23.159	2.083	.104
	Within Groups	2301.652	207	11.119		
	Total	2371.128	210			
Employee Behaviour	Between Groups	112.238	3	37.413	3.206	.024
	Within Groups	2415.516	207	11.669		
	Total	2527.754	210			
Customer Satisfaction	Between Groups	305.392	3	101.797	5.355	.001
	Within Groups	3935.139	207	19.010		
	Total	4240.531	210			
Customer Retention	Between Groups	148.878	3	49.626	2.811	.040
	Within Groups	3654.193	207	17.653		
	Total	3803.071	210			

Significant At The 5% Level

Analysis:

Table - 2 Interprets That The P Values For Employee Behaviour, Customer Satisfaction And Customer Retention Are Lesser Than 0.05 And This Makes The Null Hypothesis Rejected. Nevertheless, Null Hypothesis For Remaining Dimensions Is Accepted As The P-Value Is Observed To Be More Than 0.05.

Inference:

There Is A Significant Difference Between Age Group With Regards To The Employee Behaviour, Customer Satisfaction And Customer Retention.

There Is No Significant Difference Between Age Group With Regards To Service Quality And Physical Environment.

Correlation Test

Correlation Among Customer Retention And Service Quality

H₀₃: There Is No Significant Relationship Between Customer Retention And Service Quality

Table: 3

		Service Quality	Customer Retention
Service Quality	Pearson Correlation	1	0.481**
	Significant. (2-Tailed)		.000
	No. Of Respondents (N)	211	211
Customer Retention	Pearson Correlation	0.481**	1
	Significant. (2-Tailed)	.000	
	No. Of Respondents (N)	211	211

Analysis:

Table - 3 Explains That The Coefficient Of Correlation Value Between Service Quality And Customer Retention Is 0.481. It Is Evident That The Correlations Between These Two Variables Are Positive. The Correlation, Thus, Obtained Is Found To Be Significant At A Level Of 1%. Thus, The Null Hypothesis, I.E. "There Is No Significant Relationship Between Service Quality And Customer Retention" Is Rejected. Also, There Is A High Positive Relationship ($R=0.481$, $p<0.01$ Sig) Between The Variables Identified For The Study.

Inference:

Thus, It Is Clear That There Is A Significant Relationship Between Customer Retention And Service Quality.

Correlation Between Employee Behaviour And Customer Satisfaction

H₀₄: There Is No Significant Relationship Between Employee Behaviour And Customer Satisfaction

Table: 4

		Employee Behaviour	Customer Satisfaction
	Correlation (Pearson)	1	0.793**

Employee Behaviour	Significant. (2-Tailed)		0.000
	No. Of Respondents (N)	211	211
Customer Satisfaction	Correlation (Pearson)	0.793**	1
	Significant. (2-Tailed)	0.000	
	No. Of Respondents (N)	211	211

Analysis:

Table – 4 Describes The Coefficient Of Correlation Between Employee Behaviour And Customer Satisfaction Which Value Is Found To Be 0.793. The Coefficient Of Correlation Is Positive Between The Variables And Also The Value Is Significant At A Rate Of 1%. Thus, The Null Hypothesis, I.E. “There Is No Significant Relationship Between Employee Behaviour And Customer Satisfaction” Is Rejected. Also, There Is A High Positive Relationship ($R=0.793, p<0.01$ Sig) Between The Variables.

Inference:

Thus, It Is Clear That There Is A Significant Relationship Between Employee Behaviour And Customer Satisfaction

10. Key Findings

It Was Identified That There Is A Positive Influence Of Education Group On Employee Behaviour And Customer Satisfaction. On The Other Hand, The Influence Of Education Group On Service Quality, Physical Environment And Customer Retention Was Found To Be Moderate. It Was Determined That Age Group Has Positive Influence On Employee Behaviour, Customer Satisfaction And Customer Retention. However, The Influence Of Age Group On Service Quality And Physical Environment Was Found To Be Average. Additionally, It Was Observed That There Is A Positive Association Of Service Quality With Customer Retention And The Relationship Between Employee Behaviour And Customer Satisfaction Is Found To Be Positive.

11. Limitations Of The Study

- The Study Was Carried Out In The Rural Regions Of Kerala. Therefore, The Results Obtained From The Study Cannot Be Applied To Another Region As The Survey Method Used For Collecting Data Will Have Its Own Limitations.
- Only 211 Individuals Out Of The Entire Population Were Chosen As The Respondents. With A

Larger Sample Size, The Study Could Have Deduced More Accurate Results. Due To Monetary And Time Constraints, It Was Not Possible To Approach More Number Of Respondents.

- Few Respondents Provided Information About Their Annual Income Or Economic Backgrounds From Their Memory As They Had No Record Of Them. Hence, The Socio- Economic Data May Or May Not Be Precise With Respect To These Sample Groups.
- The Study Focused Only On Rural Banks Of Kerala And Did Not Take Any Other Financial Institution Into Consideration. Hence, The Findings Of The Study Cannot Be Generalized.
- Lastly, The Outcomes Of The Study Are Influenced By The Memory And Personal Bias Of The Customers Towards The Chosen Banks In The Study Area.

Suggestion And Conclusion

The Findings Of The Study Implied That To Upgrade The Business Performance Of Rural Banks, The Recognized Key Components Of Crm Specifically, Service Quality, Physical Environment, Employee Behaviour Ought To Be Implemented To Achieve Customer Retention And Customer Satisfaction. The Emerged Variables Are Significant In Rural Banks And Are Measure Driven Methodology And Dependability. The Banks Should Impart Ideal And Solid Data With Respect To New Offers, Ensure Against Service Failures And The Customer Should Be Informed About The Action Taken By The Bank On The Off Chance That Any Issue Emerges To The Customer.

Customers Prefer Private Sector Banks Due To The Accessibility Of Customized Services And Products. Similarly, It Is Essential For Rural Banks To Adapt In Serving The Customers By Evaluating Their Satisfaction Level Frequently. Friendly Behaviour Of The Staff And Quick Responses Increase Quality Of Service. The Study Also Identified That Banks With Pleasant Physical Environment Attract New Customers. However, The Rural Banks Likewise Needs To Develop By Giving Better Customer Experiences Like Less Waiting Time, Hear Their Grievances And Take Immediate Course Of Action To Resolve Their Complaints. This Will Support The Branch Managers To Make Imperative Steps For Effective Implementation Of Crm Practices That Will Result In Increasing The Level Of Satisfaction Of Customers And Thereby Making Them Retained With The Organization.

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