



## A Study on Critical Success Factors for Crm Implementations in Commercial Banks at Coimbatore City

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### ABSTRACT

*The exploratory study on CRM implementations in commercial banks at Coimbatore city using structured questionnaire identifies the critical success factors that contribute to effective CRM implementation in banks. The results shows that Top management support as the most relevant CSF for successful CRM implementation in banks. Further, the research initiative offers useful information for banks while planning and implementing CRM projects.*

**KEYWORDS : CRM, Critical Success Factors, CRM Implementation.**

### Introduction

The banking practices across the world have undergone dramatic transformation since mid-nineties. The internet technologies and the strategic capabilities of advanced information systems used in banks have increased the momentum. Majority of the banks in India have implemented advanced information systems in place including the CRM systems. However, the major challenge lies in the successful implementation of the same. This study focuses on the critical success factors that determine the effectiveness of CRM implementations in the commercial banks, especially the one's operating at Coimbatore city.

### Literature Review

The technology adoptions in the banking sector in India are much more than any other industry. Extending from the traditional branch banking relationship marketing to the sophisticated digital relationship models, the use of customer relationship management had huge relevance. Swift (2000)<sup>1</sup> conducted a study and explained that the private sector banks and foreign banks in India are more successful in implementing CRM practices while compared to other types of banks. The CRM concepts evolved from business process such as relationship marketing with increased emphasis on improving customer retention though the effective management of customer relationship (Light, 2001)<sup>2</sup> has high relevance in the financial services industry, especially in banking.

Strauss et al., (2003)<sup>3</sup> explains CRM as a holistic process of acquiring, retaining and growing customers, which has huge effect for organisations into banking business. Further, Rosenberg (2004)<sup>4</sup> is of the opinion that CRM focuses on the strategic use of information, processes technology and people to manage the customers' relationship with organisations across the whole customer life cycle. Further, Rosenberg (2004)<sup>5</sup> is of the opinion that CRM focuses on the strategic use of information, processes technology and people to manage the customers' relationship with organisations across the whole customer life cycle. There are many studies (Lindgreen and Antioco (2005)<sup>6</sup>, Ngai, (2005)<sup>7</sup>) in the literature that explains CRM as a comprehensive strategy which creates superior value for both organization and the customer. However, Kennedy et al., (2006)<sup>8</sup> has a different perception and explains the concept of CRM limiting to the technological issues. Broady-Preton et al., (2006)<sup>9</sup> discusses CRM as the strategic prospective in creating value for the customers.

However, there is a gap in the existing literature on the critical success factors that impact on the successful implementation of CRM practices, especially in the Indian banking context. This study focuses on identifying and presenting the CSF's for effective CRM implementations in the commercial banks with special reference to banks operating in Coimbatore city.

### Objectives

- To understand the critical success factors [CSF] for CRM implementations in commercial banks at Coimbatore city.
- To check whether there exists significant difference in the per-

ception of public and private sector commercial banks towards CSF in CRM implementation.

### Sample Design

This exploratory research initiative on Customer Relationship Management implementation in the Indian commercial banks (public and private sector) operating at Coimbatore city was carried out by using purposive sampling techniques. A structured questionnaire was used to collect required data from the identified 535 respondents employing purposive sampling technique. The response rate for the study was almost 66 percent age. Further analysis was carried out using SPSS Ver. 20.00 and statistical tools like t-test, analysis of variance, exploratory factor analysis and confirmatory factor analysis were used.

### Analysis

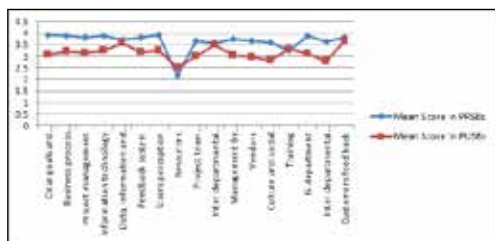
The CRM systems, practices and its implementation effectiveness in the Indian commercial banks differ from one another. The success of CRM implementations in banks depend on many factors like top management commitment, strategic and procedural practices adopted by the bank, the feedback mechanisms and technological tools used in CRM projects. The study identifies and derived eighteen factors (Table 1) that bear upon the success of CRM implementations from concepts drawn from the earlier research initiatives.

**TABLE 1**  
**Factors for effective CRM implementations in banks**

Sl. No.	CS Variables	Mean Score in		t-statistics
		PRSBs	PUSBs	
1.	Top management support	3.8085	3.2569	2.7317*
2.	Clear goals and objectives	3.9194	3.0816	2.8109*
3.	Business process recognizing	3.8917	3.2067	2.4568*
4.	Project management	3.8034	3.1245	0.2447*
5.	Information technology	3.8641	3.2337	2.2605*
6.	Data, information and knowledge management	3.6861	3.5646	0.2417
7.	Feedback system	3.8185	3.1772	2.0291*
8.	Users perception	3.9241	3.2565	2.3344*
9.	Resources	2.1455	2.5142	-0.9145
10.	Project team competence	3.6557	3.0165	2.2048*
11.	Inter departmental co-operation	3.5668	3.4841	0.1817
12.	Management by objectives	3.7271	3.0269	2.2089*
13.	Vendors	3.6617	2.9691	2.8184*
14.	Culture and social factors	3.5902	2.8177	2.7331*
15.	Training	3.2391	3.3097	-0.2144
16.	IS department	3.8664	3.1224	2.5086*
17.	Inter departmental communications	3.6412	2.8042	2.9091*
18.	Customers feed back	3.8149	3.6569	0.8146

Source: Collected and Computed \*Significant at five per cent level.

**Graphical representation of the Factors for effective CRM implementations in banks is shown in Figure 1**



**Figure 1 Factors for effective CRM implementations in banks**

**TABLE 2 Critical Success Factors (ICSFs) in CRM implementations at Banks**

Sl. No.	ICSFs	Number of Variables in	Eigne Value	Reliability Coefficient	Per cent of Variation Explained	Cumulative Per cent of Variation Explained
1.	Management support	5	3.9179	0.7344	23.11	23.11
2.	Management principles	5	3.4302	0.7969	20.33	43.44
3.	Feedback system	4	2.4549	0.8042	18.17	61.61
4.	CRM tools	4	2.0317	0.7196	14.22	75.83
KMO measure of sampling Adequacy: 0.7817				Bartlett's test of sphericity Chi-Square value: 89.94*		

Source: Collected and Computed \*Significant at five per cent level.

The Table 2 reveals that the four critical factors namely management support, management principles, feedback and tools explain the critical success factors for CRM implementations to the extent of 75.83 per cent. The most important CSF is management support as its Eigen value and the per cent of variation explained by it is 3.9179 and 23.11 per cent respectively. The second and third CSFs are management principles and feedback system and its Eigen values are 3.4302 and 2.4549 respectively. The next major CSF identified by the EFA is the CRM tools with Eigen value 2.0317. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows the value of test statistics as 0.7817, which means the factor analysis of the selected variable is found to be appropriate or good to the data. Bartlett's test of sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among variables.

Further, the study tried to understand whether there exists significant difference between the perception of the public and private sector banks towards CSF on CRM implementations. The mean scores of all four CSFs in the private sector banks and public sector banks were computed separately to identify the level of importance of the CSFs among the two groups of banks.

The results of the 't' test is explained in Table 3

**TABLE 3 Perception of commercial banks towards CSFs on CRM implementation**

Sl. No.	ICSFs	Mean Score in		t-statistics
		PRSBs	PUSBs	
1.	Management support	3.3915	3.0643	0.8549
2.	Management principles	3.7625	3.1339	2.3308*
3.	Feedback system	3.7477	3.1751	2.4412*
4.	CRM Tools	3.8216	3.1479	2.5034*

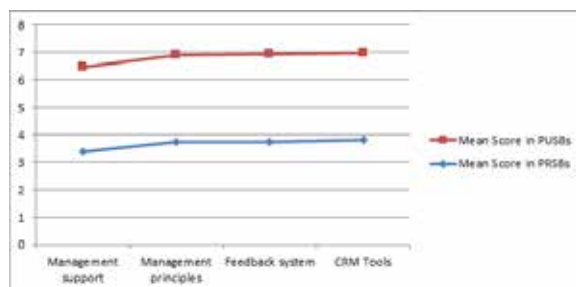
Source: Collected and Computed

\*Significant at five per cent level

The figure 2 explains the pictorial representation of the Critical Success Factors (ICSFs) in CRM implementations.

The Table 1 also explains that there exists significant difference among the public and private sector commercial banks towards their perception regarding factors affecting CRM implementations.

Further, efforts were made to understand the critical success factors for CRM implementations in the commercial banks using Exploratory Factor Analysis (EFA). The scores of all 18 variables (Table 1) have been included for the analysis. Initially, the test of validity and reliability of data for factor analysis have been examined with the help of the KMO measure of sampling adequacy and the Bartlett's test of sphericity. Both the tests satisfy the validity of data for analysis. The EFA has been executed to narrate the critical variables into factors. The result of the EFA is explained in Table 2 represented below.



**Figure 2 - Critical Success Factors (ICSFs) for CRM implementations.**

Thus it is evident from the above table that there exists significant difference between the commercial public and private sector banks towards their perception on CRM implementation CSFs.

**Findings**

The study shows that there exists significant difference in perception of the public and private sector commercial banks towards the factors affecting CRM implementations.

The results of the analysis shows that "Top management support" as the major critical success factor that contribute to effective CRM implementation.

**Suggestions**

It is revealed from the study that management support and commitment as the most important factor that determine the successful implementation of CRM in the commercial banks.

Therefore, adequate orientation has to be given to the top executives in banks regarding the importance and impact of CRM in the banking context. Such efforts shall ensure effectiveness in the CRM implementations by invoking responsibilities from top to bottom level executive of banks.

Further, it is also seen that the CRM related management principles which are evolved and developed in the banks also determine the success CRM implementations in the commercial banks.

Therefore, the top management has to take earnest efforts in design-

ing the CRM policies and procedures as the same has critical relevance in the success of CRM implementations.

The banks shall also encourage in getting the right feedback from the employees so that these feedbacks can be effectively utilized for improving the effectiveness of the CRM systems.

Appropriate marketing about the CRM benefits has to be explained to the employees of the banks as such efforts encourage them to make use of the CRM systems while delivering responsibilities.

### Limitations and Scope for further Research

The present study was carried out in Coimbatore city. Therefore, it would be better if future researchers also include other locations while conducting the research. Such efforts shall help in generalizing the results of the study. Further, future researchers shall also include other organisational variables that affect CRM implementations.

### Conclusion

The study on critical success factors for CRM implementations in commercial banks at Coimbatore city was aimed to identify and understand the most important factors that decide the successful implementation of CRM practices in the commercial banks at Coimbatore city. The study used structured questionnaire in collecting useful data from the employees of the commercial banks at Coimbatore city. The analysis reveals that top management support, management principles practices in the bank, feedback systems and the CRM tools used in a bank are the most critical factors among the identified eighteen factors that determine the success of CRM implementations.

### Abbreviations Table

S.no	Abbreviation	Full form
1	CRM	Customer Relation Management
2	CSF	Critical Success Factor
3	PRSBs	Private Sector Banks
4	PSUBs	Public Sector Banks
5	EFA	Exploratory Factor Analysis
6	KMO	Kaiser-Meyer-Olkin
7	CSFs	Critical Success Factors

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