



CrM Practices Impact on Customer Satisfaction

KEYWORDS

CRM, CRM practices in Banks, Customer satisfaction, Structural equation modeling, Path analysis,

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ABSTRACT *The banking institution is one of the most unique and innovative sector regarding the economic development of India. The prime objectives is confirm and valid the hypothesized model construct of CRM practices impact on customer satisfaction in banks. The researcher identified sample size of 384. The respondents are selected on the basis of Judgment sampling method. The influence of CRM practices on customer satisfaction brings the empirical validation of the model for "CRM practices impact on Customer Satisfaction with staff involvement model" is evaluated through SEM model in AMOS.*

Introduction

Banking industry is one of the major important sectors for national economic development in India. The role and contribution of banking sector in GDP is essential. Due to dynamic changes in competition as well as the needs of customer expectation have resulted, force the banks to tune their business strategies into superfluous focus on customer and satisfy them well (Day,2000). Keeping and maintaining customer is not an easy task. But more empirical researches conducted in banking side with customer perspective (Parasuraman 2002; Payne 2006; Rootman et.al.2008) results shows many banks developed and manage strong interaction with their customer to maximize the share of customer equity through CRM. The goal of CRM is managing the relationship; definition of CRM is varying from author to author (Brown 2000; Lu and Shang,2007; Rootman,2008).

Customer Relationship Management (CRM) in the banking sector involves reading the consumers' changing minds and needs, creating services to satisfy these needs because building and maintaining a relationship with customers in the banking industry is important for the survival. Through CRM, banks manage their services in a manner that persuade customers to use them at a profit thereby ensuring survival and success of the financial institution. Banks can increase their profits by maximizing the profitability through the total customer relationship over the period, instead of seeking to get more profit from any single transaction. In order to survive in the dynamic business environment, relationships from the differentiating factors in view of the similarity of services and this is to say that the quality of relationship differentiates from one bank to another. Therefore, it becomes imperative for service providers to meet or exceed the target customers' satisfaction with quality of services expected by them (Ashok and Kumar 2006). Many researchers who study the CRM with customer perspective and expectation, frame the dynamic frame work on CRM (Park and Kim,2003,Dutta,2009). The financial sector is still lacking in research on CRM (Lu and Shang, 2007). But in recent years more empirical research has been conducted CRM in financial sector (Arun Kumar Agariya and Deepali Singh, 2012; Sanjay Kanti Das, 2012; Gisela Demo and Kesia Rozzett, 2013 Sheik Abdullah Manohar,2014). On the other hand

there is countable number of research studies with objective to construct and frame the measurement scale for CRM practices (Sin et.al,2005; Lu and Shang,2007;Wang and Feng,2008;Izah Mohd Tahir, 2012;Sanjay kanti Das,2012). Therefore this study is undertaken to existing literature by examining and confirms the measurement of construct model for CRM practices impact on customer satisfaction. The prime objectives is confirm and valid the hypothesized model construct of CRM practices impact on customer satisfaction in banks.

Need of the study

According to Oliver R.L and Swan (1989), satisfaction is a person's feeling of pleasure or disappointment from a company's product's perceived performance in relation to his or her expectation. Further they found that it is a judgment that a product or a service feature provided is at a pleasurable level of consumption fulfillment, including levels of under or over fulfillment. Satisfaction is a perceived degree of contentment with regard to customer's prior purchase experience. On total it is understood that customer satisfaction is a state of individual's perception of meeting his/her expectations from a product or a service. An effective CRM will lead to customer satisfaction and if the customer is satisfied it drives towards positive word of mouth and loyalty. This in fact helps in leveraging the business as well as generating more revenues and profits through achieving and maintaining an ongoing relationship with customers across multiple customer touch points through differential and tailored treatment of individual customers. This is applicable to all types of service organizations and it would surely help them to sustain in the market at a better level. This study objective also includes how the CRM practices leads to Customer satisfaction. Therefore sincere attempt made by the researcher to analyze the customer satisfaction and impact of CRM practices.

Research methodology

This study is descriptive in nature and to examine the customer's opinion about customer relationship management practices in banks. The district consists six blocks with total population as per 2011 census 19,42,288^[1]. The researcher identified sample size of 384^[2]. The respondents are selected on the basis of Judgment sampling method. The scale statement was adapted from the work of lu and

shang (2007) followed by (Izah mohd tahir and zuliana zulkifli ,2011; Sanjay Kanti Das, 2012; and Zuliana Zulkifli and Izah Mohd Tahir,2012) modified and suited to re-define the practices of banking sector. The researchers uses five point likert-type scale option (5-Strongly agree to 1- Strongly disagree) to measure the perception of CRM practices.

[1] https://en.m.wikipedia.org/wiki/virudhunagar_district.

[2] 5 per cent confidence level and 7 per cent interval level sample calculated with help of www.survey-system.com.

Results and discussion

Table 1 Customer Satisfaction towards banking services

Particulars	No. of Respondents	Percentage
Highly satisfied	117	30.5
Satisfied	179	46.6
Neither satisfied/dissatisfied	70	18.2
Dissatisfied	16	4.2
Highly dissatisfied	2	0.5
Total	384	100

Source : Primary data

From the above Table 1, out of 384 respondents 179 respondents are highly satisfied with service offered by their banks; 30.5 per cent of the respondents are opine they are satisfied and least 0.5 per cent of the respondents are disappointed due to dissatisfaction on service offering by the banks .In order to measure the CRM practices impact on Customer satisfaction SEM model was developed by the researcher with two distinct observed variables namely overall satisfaction of the customer towards banking service and customer satisfaction towards banks staff dealings. Structural Equation Modeling is widely used statistical analysis in social science research. The SEM is the combination of factor analysis, regression or path analysis. The interest in SEM is often used on theoretical constructs, which are represented by the latent factors. The relationships between theoretical constructs are represented by regression or path co-efficient between the factors. The SEM model path diagram of present measurement model "CRM practices impact on Customer Satisfaction" is presented in the figure 1.

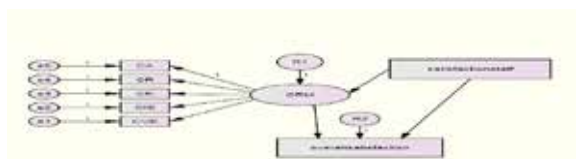


Figure 1. CRM practices impact on Customer Satisfaction with staff involvement model

Table 2 Model fit and critical fir indices for the measurement model

Fit Indices	Measurement model	Critical fit	Results
CMIN	1.56	<3	Fit achieved
GFI	.912	>.9	Fit achieved
CFI	.941	>.9	Fit achieved
RMSEA	.027	<0.05	Fit acheived

Source: AMOS output

Table 2 summated CMIN value is 1.56 (Chi/df), which is less than the critical level of 3. The GFI and CFI value is also more than the threshold value of 0.9. The Root Mean Square Error for Approximation represents how well the model fit the data. Lower RMSEA value indicates better fit. In the present measurement model the RMSEA value is 0.027, which is less than the critical value.

Regression Path coefficient and its significance

In order to examine the main construct of SEM based path model significance. The researcher needs to obtain the output of the regression path coefficient and its text result shown in Table 3.

Table 3 Regression Path coefficient and its significance

Hypothesis	Unstandardized co-efficient		Standarised	C.R.	p value
	Estimate	S.E			
Overall satisfaction and CRM	.521	0.420	.252	1.24	0.037
CRM and Satisfaction of staff	.871	0.166	.588	5.25	0.017
Overall Satisfaction and satisfaction of staff	.691	0.128	.460	5.39	0.006

Source : AMOS Text output

Table 3 shows the effect of CRM practices influence on customer satisfaction with staff intervention satisfaction. CRM practices influence on customer overall satisfaction Beta value is 0.521. The calculated t value is 1.24 (0.521/S.E), which is less than the critical value of p 0.05. Therefore the framed first hypothesis rejected. Hence the CRM practices effect leads to customer satisfaction.

The antecedents of staff intervention satisfaction influence on CRM practices Beta value is 0.871. The calculated p value is 0.017, which is less than critical value of p 0.05. Therefore the framed hypothesis has been rejected. Thus reveal staff intervention satisfaction of customer effect on CRM practices.

Third hypothesis is "Staff intervention satisfaction does not influence Customer overall satisfaction". The beta value is .691, which is less than the p value of 0.05. Therefore the framed hypothesis has been rejected. Hence Staff intervention satisfaction simultaneously persuades the Overall satisfaction of customer towards banking services.

Suggestion and recommendation

Banks have realized that customer relationship is very important factor for their success. Customer Relationship Management (CRM) is a strategy that can help them to build long-lasting relationships with their customers and increase their revenues and profits. CRM in the banking sector is of greater importance. CRM impact on banking competitiveness as well as it provides a greater understanding of what constitutes a good CRM practices. In summary of the present study, the researcher proposed model was establishing good result with some of the critical fit consider for the analysis. The influence of CRM practices on customer satisfaction , Staff intervention satisfaction on CRM practices and Staff intervention satisfaction on overall satisfaction of customer towards banking services brings the empirical validation of the model for "CRM practices impact on Customer Satisfaction with staff involvement model" was successfully assessed

Conclusion

In banking business there is no physical asset changing hands. It is only the transfer of "service", which takes place with feelings come relationships. Every industry in India moves to product to customer centric approach, because customers are focal point. Higher profitability can be achieved through long-term relationship. The banking industry is not an exceptional case. Due to poor customer loyalty and arrival of new banks, also offering new services with higher service quality render by the banks to their customer. So retaining and maintaining of existing customer is very struggle to the bankers. For this there is higher need for the CRM in Banks. The aim of this research is to develop and validate the measurement model of CRM practices impact on customer satisfaction in banks. The selected dimensions are employed and devised from the existing empirical study conducted in financial sector. Although the findings of the present study pinpoint the validated model is statistically significant. Regarding this research work was conducted with small sample size, which is one of the limitations of this study. Huge and well clustered sample can be taken for the further enhancement and validation of this research work.

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