CHAPTER 3: RESEARCH METHODOLOGY

The first chapter discusses about the objective and purpose of the research. It addresses the question "why is the research being carried out"? Chapter two is a short literature review of studies on customer relationship management (CRM) carried out by other researchers. This chapter attempts to outline the methodological framework adopted for this research which explains why this study is done in the manner it is.

In the literature review, it was highlighted that CRM is a business strategy where companies aim to understand their customers' distinct behaviour so to enable them to develop products and services that meet the customers' need and demand. Many businesses understand that customers are the main determinant of the success of their business. Therefore, with the introduction and implementation of the CRM programme, companies could develop a better understanding on the factors that influences the buying pattern and behaviour of the customers, which in turn could assist them to develop products and services that meets the demands and needs of their customers.

Little research has been conducted in Malaysia with regards to the study on the practice of CRM within the banking institutions in Malaysia. For the purpose of this research, an exploratory study would be carried out to gather sufficient data and information by way of a distribution of questionnaires to the major banking institutions in Malaysia. Questionnaires would be the most appropriate instrument for an exploratory study, as it would capture the views of a wide spectrum of respondents. The questionnaires will be distributed to personnel holding the managerial positions and above as they play an important role in the decision – makings of the company in the event of an implementation of a new programme (such as CRM) to their company's systems.
The distribution of the questionnaires will be restricted to three departments of a bank. The departments selected are the strategic planning department, the public relations department and the information technology (IT) department.

Strategic planning department is chosen because firstly, this is the department that formulates and introduces the concept the CRM to the bank and secondly, this is the department that heads the implementation of the CRM programme. In conjunction to that, it also acts as a co-ordinator and facilitator to the implementation of the CRM programme. Therefore, through this department it is hope that they may provide the definition of CRM, which in their opinion that best fits the bank’s mission and objectives. Since this is the department that introduces the concept of CRM to the bank, it is reasonably certain that they will have formulated the possible methods of measuring the effectiveness of the programme and has considered the cost and benefits of the programme. Hence this may enhance the quality of this study as it could provide other entrepreneurs and academicians the practical method of measuring the return of the concept.

Another department that the questionnaires will be distributed to is the public relations department. The public relations department would be able to provide better insight to the needs and/or demands of their customer as they regularly attend to their customers’ queries and grievances. Therefore, it is hoped that the response from this department could provide this study a better understanding on the adaptability of the CRM concept among the bankers in Malaysia. Apart from that, it will also assist to establish whether the concept of CRM do really bring about a better customer satisfaction and retaining customer confidence as conferred in chapter two. The response from this department could also provide this study the barriers that might deter the bank to implement the concept of CRM.
In addition to the above, the personnel department could also provide the views of their customers on this concept of CRM introduced by the bank. The customers will affirm whether the services provided to them do actually meet their needs and demands.

IT is said to be an enabler for CRM as it facilitates and supports the integration of information, storage of data and implementation process (Hatton Blue, 1999). Hence, another department that the questionnaires will be distributed to is the IT department as they provide technological support in the implementation of the CRM programme. They could provide this study the detail on how information technology could be used to facilitate the implementation of the CRM programme in the banking environment, for instance, Internet banking introduced by Maybank. Besides it is hoped that they could elucidate whether IT currently acts as a barrier instead of an enabler as propounded by Hatton Blue. Furthermore, the IT department could reveal what is the most preferred or frequently used IT related tools or appliance that could enhance the functions of an effective CRM.

As for the data collected, statistical analysis will be performed on the data collected. The SPSS (Statistical Package for Social Sciences) will be used for the analysis. SPSS is a comprehensive and integrated statistical program for data description and hypothesis testing in social sciences (Mueller, 1986).

The analyses that will be carried out are the frequency distribution test and the ranking analysis and each question will be treated as an individual variable.

Frequency analysis is defined as an analysis of the list of data values, each showing the number of items having that value. Besides frequency analysis, ranking of the variables will be carried out. This is to analyse the degree of importance of the respective variables as compared to the others. However only certain questions will be subjected to the ranking analysis and frequency analysis while the others will be analysed using only the frequency analysis.
The questions that will be analysed using the frequency analysis will be question two, five, six and seven and responses from question three and four will be analysed using the ranking analysis and frequency analysis.

Analysing the responses from question two may provide this study the most appropriate definition for CRM in the banking environment in Malaysia. This may serve as a foundation for the development of this research and future research in the area of CRM in Malaysia. Responses from question six highlights the benefits of implementing the CRM programme while responses from question five highlights the barriers in implementing the CRM programme. This analysis highlights the benefits that the banks currently are reaping from the programme and the set backs that they are facing. With this information, entrepreneurs who intend to implement the programme could use the experience to considering whether the CRM programme is feasible to their business or otherwise before implementation.

One of the barriers that deter the implementation of the CRM programme is the difficulty in measuring the effectiveness of the programme (Hewson Group and Microsoft, 2000). However the test on question seven will indicate several instruments that in the opinion of the management of the bank that could use for the measuring of the effectiveness of the programme.

Question three relates to the correlation between an effective CRM programme and its contribution to the banks’ profitability. For this question two analyses will be carried out on the responses, mainly the frequency and the ranking. The ranking analysis will rank the variable(s) in accordance to their effectiveness in increasing the banks’ profitability while the frequency test will display the variables that were frequently selected.
With this analysis, it is hoped that entrepreneurs could utilise this research to determine the variable(s) that will bring about better profitability and subsequently to direct their resources to that particular variable(s) so to maximise it's contribution. As for academicians, it is hoped that this study could assist them to develop a better understand on the importance if the CRM programme to an organisation.

Question four relates to the facilities that the bank could use to facilitate their implementation of the CRM programme. The response for this question will be analysed utilising the ranking test. The result will exhibit which facilities could facilitate best in the implementation of the CRM.

Question five relates to the barriers that deter the implementation of the CRM programme. The results from the analysis will indicate which of the barriers that might primarily deters the bankers to implement the concept of CRM to the bank’s operation.

Question six relates to the benefits that may encourage the implementation of the CRM programme. The results from the analysis will indicate which of the benefits that might primarily encourage the bankers to implement the concept of CRM to the bank’s operation.

Question seven relates to the instruments that the bankers could use to measure the effectiveness of their CRM programme. The results will indicate which is the most preferred method that the bankers will use to measure the effectiveness of their CRM programme.

Question eight is to develop a better understanding of the CRM practice within the banks in Malaysia. This area could provide the academicians and entrepreneurs the knowledge about the current development and the brief practice of CRM in the banks in Malaysia.
All in all with these information and analyses, it is hoped that it could provide the entrepreneurs, academicians and the existing practitioners of CRM a better understanding on the concept of CRM, the facilities available to facilitate the CRM practice, the benefits and barriers derived in implementing the CRM programme and the instruments that are available to measure the effectiveness of the program.