Research Methods

Location and Sampling

The field research was conducted within three Districts in the State of Madhya Pradesh (MP) - a State with an extensive banking infrastructure (1389 rural branches of Commercial Banks and 1284 rural branches of Regional Rural Banks – RRBs) and with relatively few financial service providers other than the banking system. The three districts, Betul, Datia and Indore, were chosen to reflect the main socio-economic characteristics of MP.

**Map 1: Madhya Pradesh; Sample Districts – Betul, Datia and Indore**

Twenty rural bank branches were randomly selected from each of the three districts giving a total of forty-eight commercial bank branches and twelve Regional Rural Banks (RRBs); no RRBs exist in Betul. The sixty branches selected represented substantial proportions of total rural banks in each of the three areas: for two of the districts (Indore and Betul) nearly half of all rural banks in the districts, while for Datia nearly three-quarters of all rural banks in the district.

Data Collection Methods

The data collection instrument used to obtain information from the branch managers was an interview schedule which was pre-tested with managers from nine districts in MP (Map 2).

Map 2: Madhya Pradesh; Districts from which Managers for pre-test were Selected.
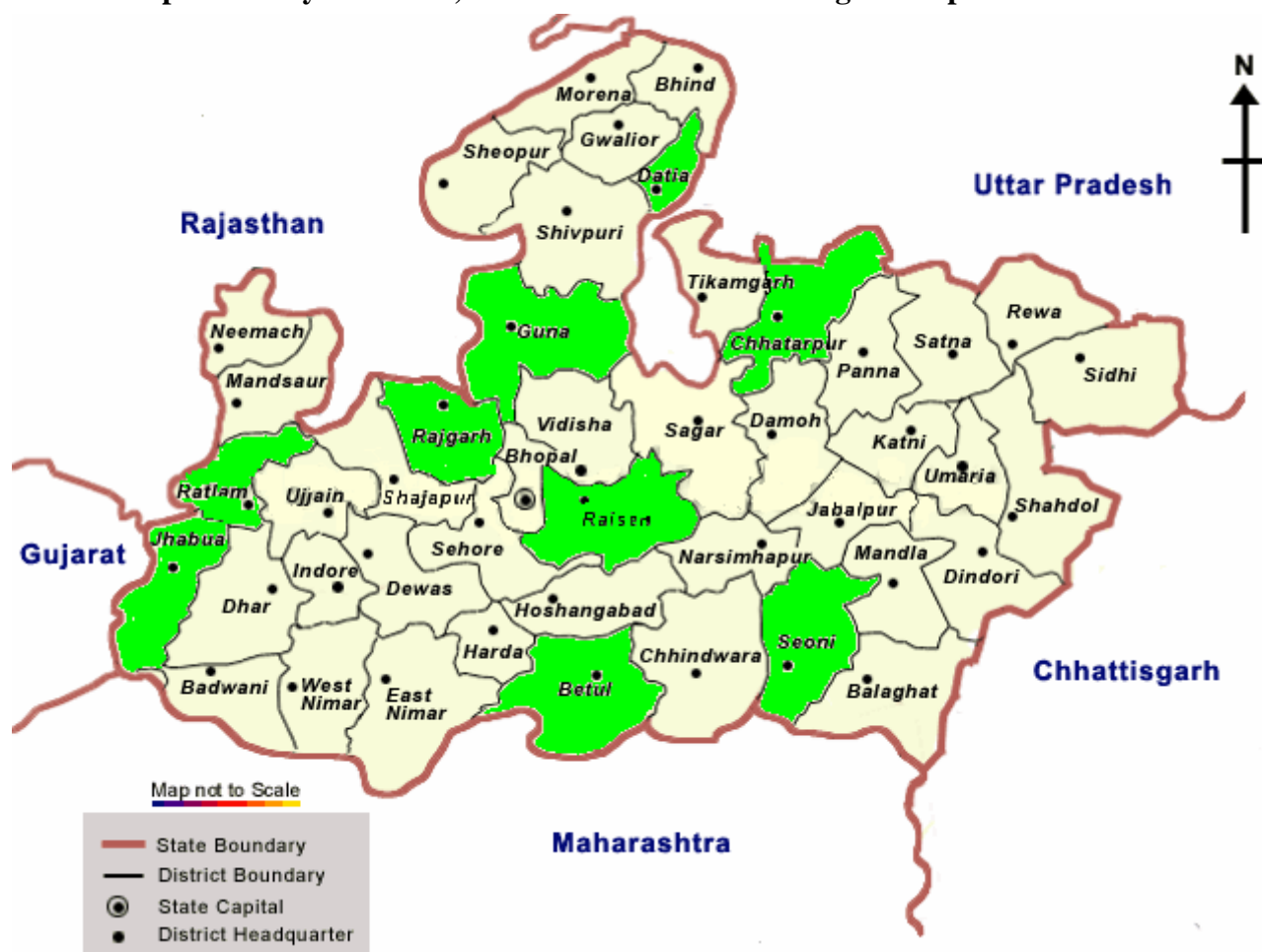
After revision in Bhopal (the State capital for Madhya Pradesh), the interview schedule was divided into four parts (Appendix 1). First (A), information about the branch managers and their current posting was sought. This enabled us to build up demographic profiles of branch managers and to later determine if any of these variables were associated with attitudes towards providing financial services to the poor. Second (B), respondents were asked to express their level of agreement/disagreement (5-point Likert scale) with each of fifty-two statements designed to permit measurement of attitudes towards characteristics of the poor, financial service needs of, and provision for the poor, towards the rural work environment, the role of the bank, and the role of the bank manager. Half the statements represented positive orientation towards the facets of attitude, half represented negative feelings. Positive and negative statements were randomly mixed within each of the three main themes: the rural context, views of poor clients, the branch managers' views of themselves and their situation. Third (C), a series of open-ended questions eliciting branch managers' perceptions of the

contrasting features of successful and unsuccessful rural bank branches were provided. Fourth (D), a second open-ended section followed, including questions concerning branch managers' views about themselves and their work (career experience, training received, how they were managed), how their managers viewed them and how their families felt about their current post.

Branch managers were either interviewed at their branch or at the district headquarters. All were interviewed individually, having first been assured of the confidentiality of their replies, by the interviewer and, via a tape-recording, by the Reserve Bank of India member of the research team. The average length of interviews was 1½ hours.

Data Analysis

Demographic information (A) provided information about characteristics of the manager and his (all were male) career (age, marital status, children, qualifications, social background, years of service, years and number of rural postings) and about his branch (distances between residence, branch and district headquarters, staffing, number of vouchers and number of vouchers below the poverty line). These data were scored as continuous and/or categorical variables, as appropriate.

Responses to attitude statements (B) were scored as +2 to –2 (most negative), reverse scoring being used for negatively worded statements. The 52 items were grouped to form an overall attitude mean (Cronbach's alpha = 0.8135). In addition, items pertaining to rural context, views of poor clients, managers' views of themselves, and to other variables of interest, were grouped to provide subscale means for subsequent analysis. The reliabilities of these variables are shown in Table 1 and their composition in Table 2.

Table 1: Means and Reliabilities of Attitude Variables

Group	Group Name	Number of Items	Cronbach's Alpha	Mean	Standard Deviation
ATTMEAN	Mean Overall Attitude	52	0.8135	-0.0968	0.31486
RURCTXT	Views on Rural Context	7	0.5911	-0.5071	0.50485
PRCLIENT	Views on Poor Clients	7	0.6813	-0.1548	0.62701
BMSELF	Views of Themselves and their Situation	10	0.7252	-0.165	0.58825
FAC1	Impact of Job on Self/Relationships	6	0.7232	-0.8333	0.64659
GP5 MEAN	Views on Need of Banking for the Poor	3	0.5964	0.2944	0.88743

Table 2: Details of Subscale Variables

VIEWS ON RURAL CONTEXT

4. If the rural poor are targeted for the receipt of subsidised credit, then there is a danger that members of better-off groups present themselves as poor in order to get preferential treatment.

5. Important people in the local area (sarpanch, BDO, Gram sevak, officials in the village) try to influence the bank over who will receive concessional credit.

13. People with influence in the local area do not try to affect the branch's lending decisions.

20. The rural poor who migrate seasonally learn better banking habits more quickly than the poor who remain in villages.

28. Migration among the rural poor makes it difficult to maintain contact with them.

33. I find life in rural areas pleasant.

35. There is a lot of interesting thing to do and see in rural areas.

VIEWS ON POOR CLIENTS

2. Providing poor people with concessional credit makes them more dependent.

8. Poor people feel that they are responsible for ensuring that their bank loans are repaid on time.

9. Lending to a poor person in rural areas carries high risk.

12. The poor should pay the same rate of interest for their credit as anybody else.

15. Poor people think that ensuring repayment of their loans is the responsibility of the bank manager.

18. The rural poor are a burden, slowing down the growth of the economy.

29. There is a higher level of loan diversion among the poor.

VIEWS OF THEMSELVES/ THEIR SITUATION

34. It is better for the bank to provide indirect loans to the rural poor (e.g. through specialised organisations/ corporations)

37. It is possible for rural branches to make a profit and at the same time to help the poor.

39. There is a conflict between helping the poor and making a profit.

40. I feel that the resources available to support my work (eg staff, equipment, and accommodation) are not adequate.

42. Providing direct loans to the rural poor is the best way for the banks to provide services to the poor.

43. A rural posting seriously disrupts the family life of a branch manager.

45. If I could influence my superiors I would arrange to be posted to an urban branch.

46. Many branch managers find their rural posting the most fulfilling part of their career.

50. I have received adequate training from the bank for my work in rural areas.

52. It is difficult for a rural branch manager to maintain good relationships with friends and family elsewhere.

FACTOR 1: IMPACT OF JOB ON SELF/ RELATIONSHIPS

36. The people who run the bank do not realise how difficult a rural branch manager's job is.

43. A rural posting seriously disrupts the family life of a branch manager.

46. Many branch managers find their rural posting the most fulfilling part of their career.

48. My promotion prospects are increased if I help the poor.

50. I have received adequate training from the bank for my work in rural areas.

VIEWS ON NEED OF BANKING FOR THE POOR

1. Credit is the main financial service needed by the rural poor (people below the poverty line).

2. Providing poor people with concessional credit makes them more dependent.

11. The best way of helping poor people to improve their livelihood is to provide them with concessional credit.

While the item groupings emanated from our research questions and emphases, we were also interested in how the items might be grouped from the respondents' perspective. A Principal Components Analysis by varimax rotation was employed to discover any such item groups/factors. To permit the analysis, the set of 52 items was reduced to 24, selected to reflect the issues addressed by the original 52, while still retaining the balance of positively and negatively worded statements. Eight components with eigenvalues greater than one were extracted, only the first two of which accounted for more than 10% variance. The second component reflected managers' views of their roles, mapping closely onto an item group already identified. The first component was of interest, however; Fac1 involved items concerning the managers' perceptions of their work as part of their lives, the impact of their job on their views of themselves and their relationships with others. This factor provided a further item group (Table 1: FAC1).

A series of analyses of variance and Pearson's correlational analyses were carried out to investigate the nature of any relationships between the variables described above.

As well as responding to an invitation to comment on the statements in the attitude measure, the branch managers gave free responses to the open-ended questions in sections C and D of the schedule, dealing with their views of the contexts of successful, unsuccessful and their own, branches, and of their own careers and roles, respectively. These questions had been designed to lead managers to express their individual perceptions of their lives, roles, and the social and institutional systems within which they worked, beyond the confines of the issues targeted by the attitude statements of section B. These free-response sections were essentially projective, not requiring invidious comparison nor comment on real cases except where the manager's own branch, or career, was the focus, and provided rich accounts of the managers' perceptions.

A sample of the categories used for the content analysis of the open-ended questions in section C of the schedule is given below. The content analysis of the open-ended responses revealed four main areas of concern: (a) Rural Context, (b) Posting, Role and Management, (c) Relations with Clients and (d) Clients' Financial Service Needs and Provision. Each of these allowed the identification of specific areas of concern. For example, the content analysis within 'Rural Context' revealed four sub-areas of interest: government and banking, infrastructure and characteristics of the area, client nature, and branch and residential facilities. Table 3 exemplifies the content analysis for five of the sixty branch managers with respect to the first three sub-groups under "Rural Context". A shaded block indicates that the manager concerned had raised that particular issue. A similar analysis was conducted for the Section D data.

Table 3: Sample Content Analysis of Part C Data for five branch managers

	Banks	BM1	BM2	BM3	BM4	BM5
CONTEXT						
Government and Banking	Reduce frequency in policy changes	■				
	Guidance for policy changes					
	Reduce government interference (+ mediation/ middle men)	■	■		■	
	Not succumbing to political pressure	■			■	
	Stop lending under govt sponsored schemes (reduce work on govt sponsored schemes)				■	
	Groups under SGSY should be proper groups, not just on paper.					
	Punish false complaints					
	Reduce Govt corruption			■		
	Need government for recovery					
	Need co-operative local government (support)					
	Close relations/liaison with Sarpanch			■		
	Government help with infrastructure					
Infrastructure characteristics of the area	Infrastructure: roads, electricity, schools, markets	■		■	■	
	Prosperity, economy of the area, good agriculture facilitates, irrigated area, good crops / regular rainfall. (E.g. sugarcane, flowers, vegetables) (dairy production) .					
	Well developed clients					
	Location: Accessibility - proximity to main road/ semi urban/ urban areas. Growing cities (urbanisation)					
	When the bank is new/ no old bad debts					
Client -nature	*General -*					
	: Educated	■				■
	: Responsible, honest	■				
	: United					
	: Complaint free					
	Regarding banking knowledge and habits -					
	: Awareness of banking					
	: Good banking habits, Repay properly			■		
	: Clients are ready to save					
	: Knowledge of schemes					
	: Deal exclusively with the branch					