

Does the Gap Matter? A Study of IT and Business Culture Toward Customer Relationship Management Practice

T. Limsarun, P. Anurit, C. Chansa-Ngavej and C. Bunchapattanasakda
School of Management, Shinawatra University, 197 Viphavadi-Rangsit Road Samsen Nai
Phayathai Bangkok 10400, Thailand

Abstract: Nowadays, Customer Relationship Management (CRM) has become the important part of business due to the benefit of analyze sale opportunities, campaigns management, personalization to each individual customer, cross-selling and up-selling. Unfortunately, many research evidence shows that most of the companies fail to make their CRM effort to pay off. Thus success CRM is required co-operate from the management and end user buy-in from every department in the CRM installed companies. Therefore this study aims to highlight the different between Information Technology culture and Business culture. The finding has shown the significant of the culture gap toward CRM practice, while each part of the organization has to take care for their role and responsibility in order to success in CRM practice.

Key words: Culture gap, customer relationship management practice, Customer Relationship Management Information Systems (CRM-IS), Information and Communication Technology (ICT)

INTRODUCTION

Nowadays, Customer Relationship Management (CRM) has become the important part of business, especially large business organizations while the small and medium sized companies are increasing the interest due to the benefit of analyze sale opportunities, campaigns management, personalization to each individual customer, cross-selling and up-selling (Greenberg, 2010). CRM can also support the organization to increase in the level of customer relationships, customer satisfaction, efficiency, effectiveness of its internal processes and higher revenue (Valsecchi *et al.*, 2007). The concept of CRM is not only another information tool, if the organization applied properly, CRM can yield an exceptional return in revenue and improve customer service (Nguyen *et al.*, 2007). Support from the study of Kimiloglu and Zarali (2009) has shown the finding on 72 businesses in Turkey that the organization who success in adopt CRM practice in their organizations have the significantly improvement on speed, effectiveness, reliability of their business process, customer satisfaction, revenue, brand image, efficiently business process and technology utilization (Kimiloglu and Zarali, 2009).

With these advantages, the total worldwide Customer Relationship Management (CRM) software market reported by the AMR Research and Gartner had been exceeded to \$13 Billion (USD) in the year 2008 (Bull and Adam, 2010) and will likely to reach \$22 billion in the year 2012 with 36% growth rate (Greenberg, 2010).

Unfortunately over 1,700 companies worldwide have been surveyed, the results show that only 16.1% of the Customer Relationship Management practice companies are reporting that CRM system usage is resulting in increased revenues in the their companies while the majority of firms or 83.9% are underutilizing the CRM tools they have in place (Dickie, 2009).

While many research studies believe the success of the CRM practice come from the combination of the following factor which are: high level of employees' commitment (Shum *et al.*, 2008), support from the management in term of tangible and intangible resources to support Customer Relationship Management System, co-operate within organization to use the Customer Relationship Management System, suitable corporate culture, these are the success factors which can be applicable both large, medium and small sized of CRM installed companies (Xevelonakis, 2005; Doom *et al.*, 2010; Lambert, 2010).

But the organizations have both Information Technology (IT) and Business cultures, and they frequently encounter the widening gap between technology and business because as businesses rapidly change with external factor which are the competitive landscape and internal factor which are mergers and acquisitions, product and business strategy (Noyes, 2004). These likely to create the conflict among them, supported from the survey done by the PriceWaterhouse, existing organizational cultures may shape different perceptions regarding the new CRM system, 57% of UK IT directors stating that their main problem was culture gap existing

between IT and business professionals, with 56% believing that the culture gap was losing or seriously delaying IT opportunities for their company to gain competitive advantage (Finnegan and Willcocks, 2006). So the critical success factor is balance between Business and IT, therefore an organization-wide effort is required (Johnson, 2004), if the organization mind the gap between IT and business cultures, thus it will greatly enhance their ability to have best CRM practice (Watson, 2009).

LITERATURE REVIEW

The benefits of success CRM practice: Thus, the companies who initiate a good Customer Relationship Management Practice will maximizing the potential of existing customers, acquiring new customers that are profitable or likely to have the potential and retaining customers who are profitable and enhance the firm performance (Boulding *et al.*, 2005). Also increase the level of supports, leverages, expands the communications, captures and shares key customer information, creates visibility for the organization through sophisticated customer information analytic tools, supports business continuity and improves both up-selling and cross-selling (Ward, 2007). Support from the study of Aleric (2007) who has proved a higher competitiveness of Information and Communication Technology service providers in Croatia who practiced CRM compare to the other service providers who did not, the result shows the advantages of having a good CRM practice on a stronger demand from customers, increased service competitiveness, long-lasting relationship, unique and recognizable, higher client loyalty and success rate in fulfilling its mission.

Organization's information technology and business culture gap: Culture is not only defined as the background or nationality, but includes a wide range of characteristics, like which department and industry the employees are in (Palmer, 2008). While the culture gap is the different in kind of work, educations, work experiences, and loyalties which can shape their perception, behavior and likely to create the conflict among them, for the business people they may think IT does not understand and cannot help to solve the business problems, and all they care about is the technology. On the other hand, IT people may say business people have no knowledge of technology, they do not care about technology, and they have no understanding or appreciation of what is required to build and maintain systems, Thus, if the organization mind this gap between IT and business cultures, it will greatly enhance their ability to have best CRM practice (Watson, 2009). Moreover, business person often feel IT just does not speak their language and it hard for them to tell the actual needs in the way that IT understand, therefore

organization requires a bit of a mindset shift from them to bride the Business and Information Technology culture gap and foster higher level of collaboration (Robinson and Chamberlain, 2006). Since, the successful implementation of CRM requires coordination within the organization, technologies, customer and employees (Boulding *et al.*, 2005). When starting to implement CRM practice, organization has to allocate the employees with CRM experience from every department in order to get the full commitment the new system (Sablosky, 2005). Moreover, the influential factors to the CRM success are also related to the employee academic level, individual level experience of Information Technology, position, motivation and organizational culture (Guido *et al.*, 2007).

The study of Eid (2007) in the successful CRM implementation of Banking industry who implemented CRM more than one year, show the finding from the sample 159 banks that the success of CRM practice depend on the employee who are the building block of CRM, therefore CRM implementation require a change on the organizational culture. It is supported by the study of Lassar *et al.* (2008) on Customer Relationship Management practice of senior managers in 342 U.S. firms recommend that organizational structure, supplemented with incentives and accountability, was the most important element to achieving strong performance followed by an organizational culture that is focused on developing and sustaining customer relationships, the result in developing and maintaining customer relationship can improve performance and improve both revenue and profitability, but the CRM technology itself did not affect performance, the organizations require an ability to develop the effectively implementation strategy relating to the customer which integrated organization's overall strategic plan in order to perceive and response business and economic trends (Lassar *et al.*, 2008). At the same time, the study from Ifinedo (2007) is strongly supported that the interacting effect between organizational culture and IT culture is relevant for CRM success and depends on how organizational members view their CRM. In organizations where cultural gap between the IT department or personnel and others is less emphasized, the IT department is more likely to be valued, and CRM systems in such organizations may be more successful than in firms having a less favorable perception of the IT department. CRM success is evaluated higher where adopting firms have employees that possess supportive, cooperative, and collaborative attitudes, and where the in-house IT staff is skilled and highly valued, and above all has sufficient resources. Conversely, ERP success will be low where organizational members are not collaborative, cooperative, and supportive, and where their IT employees are not highly sophisticated, or the IT department is not highly rated and adequately resources

(Ifinedo, 2007). Support from the study of Pedron and Saccol (2009) suggest the concept to success in CRM practice, at the beginning organizations have to be oriented by CRM philosophy to make the organization's culture both create and support long term relationship with the customer, also with the qualified employees to serve client properly via the CRM tools. Then the organization need to concern on the CRM strategy which is the change in the organization structure, rewarding and evaluating staff system connected to CRM goal. The last step is to adapt the CRM technology which has to collaborative from multidisciplinary team (Pedron and Saccol, 2009).

While the study from Kane (2009) which survey on Customer Relationship Management vendors recommended that Customer Relationship Management best practice can archived by the following factors: Firstly, organization have to phases their CRM project into the manageable pieces and delivered incremental results over time because most organization facing organizations struggle with the amount of change that comes with a new CRM as invariably processes and culture evolve in conjunction with new technology adoption. Secondly, a clear role for IT staff in both on premise and CRM projects, executive sponsorship should normally come from the business side and the design team must be stacked with business people. Thirdly, back office integration, ensure the flexibility in configuration and a wide range of views to your customer data so you integrate only what is essential for seamless process flow with the demand of security and reliability (Kane, 2009). Also the study of Hart (2006) in 34 south African organizations on their business objectives for CRM show the finding that all organization did not seem the have well integration customer information which is the most important factor to success in CRM practice, it causes from the lack of alignment between IT and other part of business, also with cross functional integration and processes (Hart, 2006). Another support from the study of Roberts *et al.* (2005) shows the finding that technology is only the enabler to CRM success, the seamless and smoothly CRM system is essential, but not one of the most important drivers to success in CRM implementation. Since the CRM is a long term process of the change and development in the organization, a long term process organizational alignment and continuous improvement is a significant factor impact on the success of the CRM initiative and its return on CRM investment (Roberts *et al.*, 2005). The success of the CRM depends on support from human resource systems the support and shape behavior (McGovern and Panaro, 2004). Moreover, for the CRM success, it should be inter-organizationally oriented with all key process owner responsible to deliver expertise in their business area, and Information Technology and Business side are expected to understand each other value and culture (O'Reilly and Paper, 2009).

Research objectives: The purpose of this study is to investigate and highlight the important of Information Technology and Business culture gap toward the CRM practice in the organization. At the same time, this research study would anticipate to yield useful significances as followings:

Firstly, the finding of this paper could create a greater awareness on the culture gap between IT and Business, since CRM success has to be initiated by the management top down and co-operate within organization (Xevelonakis, 2005).

Secondly, the finding of this paper could create a greater awareness on the advantages of the CRM practice and it could relate to many investment project, post-audit phase in general have been defected. We use CRM as a case study which likely to applicable for any industry.

METHODOLOGY

In order to find the important of the IT and Business culture gap toward the CRM practice of CRM installed companies in Thailand, the primary data were collected by techniques including formal and informal interviews and direct observations by the researchers in order to uncover the informants perspective toward CRM practice in their organization, the qualitative approach was applied because it take the researchers to closer and understand individual's beliefs and perspective in a subjective meaningful ways and generating rich information for deeper understandings of their experience (Lieber, 2009). While the secondary data were firstly accessed from recent journals, online resources and others, which were useful in informing the primary data collection process, and were also used to support the findings.

Participants and setting: The sampling design for this study started with an identification of sampling units who work in the operational level of the ICT public listed companies in Thailand, which located in Bangkok that have been installed or exercised. The sampling design for this study started with an identification of sampling units who work in the operational level of the ICT public listed companies in Thailand that have been installed or exercised. Because the worldwide ICT sector is changing radically, the changes are driven by a combination of market, business and technological forces. Also customer awareness and knowledge is increasing, they want services that satisfy their unique needs and demand reliable service delivery at competitive price (Xevelonakis, 2005). Moreover, the ability of the company to investment in the Information Technology due to CRM is required a lot of time and money, about 80% of CRM sales goes to large corporations (Bergeron, 2002). Moreover, the study of Shin (2006) has shown his finding that CRM would have the real effects in the firm who face with final customers such as telecom, credit card

and financial companies, since these firms are mostly listed in stock market. Moreover, the participants were selected from the CRM installed companies who have more than one year CRM experience in their organizations because they should be familiar with their job. Also return on investment study must be done at least a year after the CRM system has been implemented in the organization, this is necessary in order to have enough time to identify the true saving and costs (Ingevaldson, 2009).

Initially, non-probability sampling procedure is adapted by the judgment sample which the researchers actively select the most productive sample to answer the research questions. With the purposive, convenience and snowball technique, the researchers contacted to the 149 samples who work in the CRM installed public listed companies which located in Bangkok capital city of Thailand via e-mail and telephone request for interview regarding to this study in the year 2010, while 36 persons or 24.16% give the permission to interview individually. All informants (20 females and 16 males) came from several departments which are 6 from the top management level (2 of Managing Director, 2 of Marketing Director and 2 of Information Technology Director) and 30 from the operational level (7 from MIS department, 5 from marketing department, 4 from sale department, 4 from engineer department and 10 from customer service department of CRM installed companies). Moreover, the participants also came from the various size of the CRM installed companies which range from less than 100 employees to more than 7,000 employees in their organizations. Moreover, 16 of informants are working related to the CRM system in their organization for 1-2 year, 12 of informants has 2-5 years of CRM experiences while 8 of informants has more than 5 year CRM experiences.

The researchers believe all the participants selected interviewees were knowledgeable, highly experienced and able to share their perspective toward the CRM practice. As a result, the selected techniques were considered to be useful and suitable for empirical study.

Data collection and analysis method: Each interview took around 30-40 which vary from the availability of the informants at the interviewee's organization. The semi-structured survey questionnaires which were not frame into any particular model; but the interviewees were interacted and questioned within the scope of this study. The interviewed guideline had been prepared proved by the thesis advisor before the interview took place in order to make appropriate questions for the target groups. Also the interviews are designed by the researchers to direct both the content and focus of the interview. By asking specifically worded questions in a predetermined order, the researchers ensure a certain level of consistency when conducting the interviews. The interviewees were

encouraged to share the opinions and perspective towards a CRM practice of their work environment and organization. When the researchers having interview with participants, the interesting quotes from the participants were recorded and transcribed by the researchers in order to highlight the important of the culture gap toward CRM practice. In order to ensure the validity of transcribe and understanding of the researcher, member-checking method (Lincoln and Guba, 1985) was conducted with all informants by e-mail in order to corroborate findings of each informants and make sure the researchers representing their idea accurately. Then the researchers looked for common meaning and identified the themes that were evident in the data by grouping common statements and ideas. Moreover, the researchers also used the data form journals and notes from interview to interpret data according to this study.

RESULTS AND DISCUSSION

The result of the study is very interesting while the 6 of top management level are agreed and believed that IT and Business culture gap is the significant factor to the success of the CRM practice. In contrast, IT and Business culture gap seem to be the less important factors and far distinct in the perspective of 30 informants who work in the operational level. Thus, the different perspective of managerial and operational level towards the CRM is likely to differ according to the job title, roles in organization (Palanisamy *et al.*, 2010) and style which influence to the organization performance (Richardson and Foong, 2004). However, the success of the CRM practice has to be initiated by the management top down (Xevelonakis, 2005).

Therefore, in order to close the organization's culture gap many researchers recommend the organization focus on the effective communication within the organization, because when the employees understand how the business operates, it can connect their work to the company's financial, also has a direct impact on the bottom line (Jackson and Mitchell, 2006), for this reason many business work so hard to communicate and share information with their employees (Herring, 2008). Not only the communication, organization should focus on training which is an essential and intelligent way of educating and motivating staff and the commercial benefits to a business operation are indisputable and should focus on the customer satisfaction and retention (Richardson, 2009). These can give the employees to have more information on the change in business environment which are business process, policies rules, regulation and objective (Rootman *et al.*, 2008), also achieve goals and realize mutually beneficial (Ingevaldson, 2009). The benefit of comprehensive training to employee is not only increased productivity and reduced cost, but also increased employee's skill and knowledge which they can

realize to the business benefits, the important of CRM practice and customer satisfaction (Kilkelly, 2008).

CONCLUSION

Even the culture gap is not the only factor to the success of CRM practice, however organizations should still focus more on effective communication within organization in order to spread clear and concise information, together with a support to each individual's requirement, training to support and shape the mindset both for managerial and operational level, thus it will likely to improve the success rate of CRM practice and effective resource management (Rahman *et al.*, 2010). Also management should be continually reinforced and keep the line of communication short and simple (Allman, 2009). Both formal and informal communication can also use as a main key to transmitting and shaping successful culture management in the company (Lazidou, 2008). An effective communication is necessary to achieve the desired level of operational excellence and motivate person, it have to understood accurately by others, achieve the message's intended effect and ethical (Beebe and Darling, 2007). If the organization would like to obtain the full benefits from complex technology, organizations should consider behavioral training that focus on the development of new job practices (Sahut and Jegham, 2008).

On the other hand, it is clear that this study was somewhat biased in terms of obtaining access to the targeted samples for in-depth interview due to the policies to share information to outsider. Also it took a long time to contact the participants and follow up for the permission to interview. For the further study, the researcher looking forward to have quantitative research in Information and Communication (ICT) public listed companies in Thailand in order to concrete the conceptual frame study and highlight the most important success factor to CRM practice, we use ICT sector as a model to study, the researcher thus it will able to apply for other sector who already installed CRM in their organization.

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