

INVESTIGATING THE IMPACT OF CROSS-CULTURAL ON CRM IMPLEMENTATION: A COMPARATIVE STUDY

Maged A. A. Ali

Researcher, ISEing, DISC, Brunel University, UP8 3PH, Middlesex, UK

cspgmaa@brunel.ac.uk

Sarmad Alshawi

Lecturer, ISEing, DISC, Brunel University, UB8 3PH, Middlesex, UK

Sarmad.Alshawi@brunel.ac.uk

Abstract

In a competitive world there is a need for companies to maximise all their resources. One of the resources that are often overlooked is that of existing customer base. Customer relationship management (CRM) is a tool that is becoming increasingly popular as it provides a method of maximising existing customer resource as well as adding value from the customers' perception. CRM consists of three simultaneous considerations that drive CRM strategy: (1) people, business culture and relationships, (2) processes, and (3) technology. In a globalise economy, cross-cultural is becoming of extreme importance to many researchers and practitioners, but there is a lack of literature on the impact of cross-cultural on CRM implementation. Multinational organizations face the situation of how to adopt CRM implementation process according to differences in culture factors from country to country. They face the problem of answering is it the same implementation process from place to place, from branch to branch within the same organization or not. The most critical issue that drive CRM projects to fail is ignoring culture readiness. A theoretical basis for analysis will be developed, using concepts drawn from structuration theory. The aim of this study is to investigate the impact of cross-cultural on CRM implementation process. This will be achieved through analyse cross-cultural conflict and contradiction, cultural heterogeneity, detailed work patterns, and the dynamic nature of culture. This will lead to develop a framework for CRM implementation process in multinational organizations environment. To achieve the proposed aim and measurable objectives the researcher will employ a qualitative approach to accomplish this research. The researcher will use a comparative case study, which helps to compare between different cultures to investigate the impact on CRM implementation. The reason for qualitative research is to deeply analyse why and how cross-cultural affect CRM implementation process. The researcher will conduct a number of case studies in different countries. These cases will be in the same organization but in different countries, so processes and technology are same but people business culture, and relationships are different. The comparative case study will analyse cross-cultural impact on CRM implementation process, and try to define a framework for CRM implementation process in multinational organization environments.

1. INTRODUCTION

This paper aims to provide a research outline into the investigation of the impact of culture on the CRM implementation process. The paper is divided into seven sections. The second section of this paper proposes relevant background literature; this will be followed by a definition of the research problem. Section four proposes the aim, objectives and formulates research questions. Section five will provide a discussion of the research methodology to achieve the proposed aim and objectives. This will lead to a description into the academic and industrial importance of the research. The last section shall conclude the paper.

2. BACKGROUND LITERATURE

Customer relationship management (CRM) strategies have gained momentum in recent years. Understanding and responding to customer needs and improving customer service have become important elements of corporate strategy. IT based CRM applications are being used by companies to support corporate strategies. The market for CRM applications totalled \$ 11.2 billion in 2002 and expected to reach \$ 20.6 billion by 2007 (Forrester.com). El Sway and Bowles (1997) and Cooper *et al.* (2000) provide in-depth reviews of how companies were able to leverage customer facing IT based systems to increase customer satisfaction and subsequently firm performance. However, the performance impacts of CRM applications to date have been mixed. Anecdotal evidence suggests that between 30 to 75 percent of CRM initiatives fail because organizations roll them out without assessing their cultural readiness and considering CRM applications to be the end of customer centric approach (Simpson, 2002). Thus, a systematic analysis of factors that contribute towards successful implementation of CRM system projects is required.

There are many definitions to CRM, which can be interpreted as a sign of the wide-ranging uses, and interpretations that maybe applied to the term. One of the definitions reads, "Customer Relationship Management (CRM) is a business strategy to select and manage customers to optimize long-term value. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales, and service processes. CRM applications can enable effective Customer Relationship Management, provided that an enterprise has the right leadership, strategy, and culture" (CRM Guru, 2002)

The first aspect is to consider the motivation behind the use of CRM. In a recent survey the results were interesting. Of the respondents that answered positively to the use of CRM strategy very few indicated that there was a desire to "increase the bottom line" (West, 2000).

It may help to look at CRM as a jigsaw that can be put together in differing ways to suit the needs of the client. For example, a financial organisation will want different information that a transportation company want (Anon, 2001).

CRM allows the system to identify the different needs of the different customers, so that products can be target marketed and suggestively sold to the most appropriate clients, this facilities an effective model of cross selling (Waltner, 2000). However, it not only increased facilities that need to be components, it is also the way that they can be used that needs to be considered.

However, a company has identified the touch point and the areas where information is stored and gathered, there is also need to consider the implementation of the CRM to ensure that when it is used it adds value and is successful.

The first step in implementing CRM into an organisation to develop a CRM business plan. For many companies this may not be seen as a necessary, but for each department there will need to be some type of baseline for the expectations of its operation (Dyche, 2001).

There also needs to be clear definition of what the senior implementers of the system expect, and how these may be measured and validated (Dyche, 2001). There also needs to be some form of separation of the formal development of the CRM system and its implementation and the CRM activity itself. This needs to be separated, as once implemented there may need to be adjustments in order to satisfy the stakeholders in its use (Dyche, 2001).

There also needs to be a way of measuring the success or failure of the CRM once in use. In many instances, metrics can be set that up will not be needed in everyday operations, but can be used as a safety net, more basic measured may be used to judge the use and success of the system (Dyche, 2001).

It also needs to be ensured what whatever information is used, that when it is mined or accessed, that it is accessed and then presented in a manner that makes it usable, and is understandable (Christopher *et al.*, 1993). This may mean that information needs to be gather together by the postal code area, or alternatively by socio-economic group, or even those group that have bought a certain product, as well as needing to be able to cross reference the relevant data streams (Ferguson, 2001, Gronroos, 2000, Linoff, 1999).

Another basic consideration for the successful use of CRM needs to the technological hardware and systems. For example, if the system is being used in a call centre, both the server as well as the unit for the customer service person, needs to be able to access the correct information speedily. This may also mean that other software or hardware needs to be provided such as Microsoft's Visual Studio or even new servers and greater bandwidth in the intranet (Dyche, 2001).

In considering how the information is gained and easily used. Data may need to be correctly prepared before it can be mined (Young, 1999). Some programmes may be able to work with a range of formats, but the normal security barriers may need to be adapted, or the relevant protocols incorporated into the mining software (Young, 1999).

It is likely that there will need to be the supplying of a sample of the data for a vendor to assess the format and ensure the correct procedures are used (Young, 1999). For example they may have data in a bank that gives the individual salaries of the customers and potential customers may need to be grouped together bands so that the information is more user friendly (Young, 1999). After all, the tool will only be as good as the input, and the ability to make use of the output. CRM can produce a great deal of value, but as this literature review indicates, it is not a cheap tool, or one that can be used with low commitment levels. But when used with commitment and planning it may be able to give a company a competitive edge.

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Issues such as top management support, organizational champion, and user training programs can play an important role in successful implementation and need to be examined (Gefen and Ridings, 2002). Initial work in the CRM context suggests that successful firms follow a clear development process that involves using the CRM system for redesigning customer-facing process to create value for the customer (Massey *et al.*, 2001; Kholi *et al.*, 2001; Gefen and Ridings, 2002).

While previous research adds to our cumulative knowledge, these efforts are mostly limited in scope. Most of the research, study a single organization and single CRM project. While the advantages of in-depth case studies should be recognized, the lack of variance or divergence in variables impacts interpreting research results and external validity. To address these concerns, the researcher attempts to examine cross-cultural effect on CRM system project success through cross case analysis. The researcher take an approach that includes identification of a wide selection of variables that are examined consistently across multiple case studies. Such an approach allows identification of culture factors that exhibit variance under different levels of performance outcomes of CRM system initiatives.

3. RESEARCH PROBLEM

The research shall propose a framework for CRM Implementation Success. The research shall achieve that through investigating the effect of culture factors on CRM Implementation process in different culture environments.

4. RESEARCH AIM AND OBJECTIVES

The research aim is to develop a framework for CRM implementation process this may be done through achieving the following objectives:

- 1- Identify the culture factors that affect the CRM Implementation.
- 2- Explore the relationship between CRM Implementation and Culture Factors.
- 3- Identify the main problems concerning CRM Implementation Process.

5. RESEARCH METHODS

A range of research methods is available for use in the Information Systems area. This can be broadly divided in to two categories: scientific that includes laboratory experiments, field experiments, surveys, case study etc. and interpretive that includes subjective/argumentative, reviews, action research etc. (Galliers, 1992).

Multiple case analysis approach was considered to be appropriate for the research (Yin, 1989). A set of selection criteria were developed which would ensure the cases selected were homogeneous in nature to facilitate cross-case analysis and to enhance external validity. The criteria for selection of cases are as follows:

- The implementation of CRM system project should be complete.
- The initial assessment of outcomes related to CRM system project should be clear to CRM users.
- The CRM system project should have major organizational implications and breakthrough performance expectations associated with it.
- CRM different cases must be in the same organization.
- CRM different cases must be developed by the same technologies.

Finally, a number of branches of a multinational organization in different countries made a commitment to participate in the study. Yin (1989a) recommends selecting sites that will allow measurement of a phenomenon. The selection of sites across the ranges of success and failures allows us to measure the role of any construct and its relationship to CRM system effectiveness. Of the final cases, one was classified as developed country culture ; one was classified as developing country culture with high growth rate and the last one as developing culture .

6. RESEARCH CONTRIBUTIONS

This research provides some prescriptive guidelines for managers interested in or currently implementing CRM systems within their companies especially in multinational environment when the organization face by cross-cultural impact. Implementation of the CRM system should be conducted within the context of the overall strategic thrust of the firm. It is important that the firm articulates how CRM system relates to the overall corporate strategy. Once that is done they need to sell the idea to their employees and customers. Thus, managers need get total commitment from the top management at all stages of the CRM system implementation. Active participation of the affected personnel throughout the project needs to be solicited and their concerns need to be taken into consideration. Before implementing the CRM system, barrier to change need to be identified and later effectively managed. This process needs to continue at later stages of the implementation. Concurrent training of the users and post implementation system support services are intervention that managers can effectively use in enhancing the likelihood of CRM system implementation success.

7. CONCLUSIONS

There are only a handful of studies that investigate the factors affecting successful implementation of CRM system projects. This research try to extend this line of work through cross case analysis approach. The researcher tries to identify culture factors that can contribute towards successful implementation of CRM projects. These factors will be analysed consistently across number of case studies. These depict varying culture features in different countries developed and developing ones in CRM implementation projects.

The analysis will show the effect of cross-cultural factors on CRM implementation process. An important issue will be highlighted by the research is the characteristics of the CRM system especially in training services, which is the scope of this research .The results of the study will provide managers with insights in managing the behavioural aspects of CRM system projects, making resource allocation decision and contemplating on system structure and functionality issues. It is hoped that the results of the study complemented with proposition presented in the background literature section will provide impetus for further research in examining the CRM system phenomenon.

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