Studying the Factors Affecting the Customer Relations Management (CRM) in Marun Petrochemical Company

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Abstract

Establishing strong relationships with customers is the most important success code of any business. Organizations have understood that customers are their most important assets and view customer relations (CR) as profitable transactions and also as opportunities requiring management. CRM is a business strategy which attracts, retains and elevates the customers. Proper implementation of this strategy will enable the organizations to perform the said three tasks with lower costs. This paper, tries to identify the factors which influence CRM. The main purpose of this study is to identify factors influencing CRM. To achieve these goals and considering the research model, five hypotheses were formulated. The survey descriptive method was used to perform the present study. Since the researcher has studied the employees’ attitudes and comments on the research subject and has indeed observed and described the companies status quo primarily, and has collected substantial information using questionnaire secondly, this investigation is of survey-descriptive nature. In hypotheses test section, the hypotheses one to four were supported and the fifth hypothesis (organizational culture) was rejected.

Keywords: CRM, Organizational Culture, Management’s Commitment, Human Resource Knowledge, Information Technology.

Introduction

In order to attract customers’ satisfaction, first their requirements and expectations are identified and then, services are developed based on such requirements and expectations. If an organization imagines be aware of customers’ opinions on its products and industry, probably it has an isolationistic view of the market. In this respect, the researcher believes that identifying
CRM success components will enable him to help the firms appreciate customer requirements and expectations and consequently, promote sales and market share as well as increased customer satisfaction and loyalty.

IT has significantly changed business processes. CRM has been created to play its role as an ultimate goal for retaining its customers. CRM is an important and critical issue for organizations and is used to support effective marketing, sales and service processes. With expansion of technology, available instruments for establishing CR and CRM have become prevailing within organizations. Today’s customers have more varied and higher expectations than the past. They want to purchase and be served through various communication channels such as telephone, email, and World Wide Web. With these capabilities, CRM is considered an important issue within organizations. Firms can not content themselves with past strategies anymore and they have to adapt themselves with market advancement and ever-changing customer requirements. The present paper will examine the features or components affecting a CRM system’s success because in Maroon Petrochemical Company it is believed that CRM has been built on the customer-organization value exchange, and emphasizes the value created in this respect. Therefore Maroon Company’s efforts for the development of the long term CRM is based on mutual value creation as an important management goal. To achieve this, the aforesaid company has to try to identify the components/factors affecting its CRM system’s success and develop profitable relationships based on optimization of customer’s received and perceived value through it, which would explain the reason for which the present study is being conducted. Unknown and ambiguous aspects the researcher tries to clarify include:

**Literature Review**

The fundamental of the Customer Relationship Management (CRM) is the philosophy of customers and marketing which, in turn, has been derived from the marketing to create relationship (Kotler, 2003). CRM in service marketing is defined (Gronroos, 2000) as a communicating process between customers and an organization's service for the purpose of attracting and maintaining the customers who will become true customers of organization and intends to use services provided by organization. Moreover, such customers will pay for the services provided by the organization willingly and at a higher level.
Items propelling the implementation toward success are the same ones behind a successful CRM. Rajole, 2003, suggested that there are key components underlying a successful CRM. Studies have been made to identify the CRM's important components. In this respect, Buttle (2004) named four factors having impact on the chain values of CRM including people, leadership and organizational culture, data and Information Technology (IT) as well as process. According to Chen & Popovich (2003), the key factors for CRM include technology, people and process. Notwithstanding, it is necessary to drive forth all four strategies and implementation processes, enterprise-wide strategy, customer-centric business process, technology-driven process, and cross-functional integration. The four items suggested by Combe (2004) to propel CRM are composed of culture, people, leadership and technology. CRM focuses on enabling organizations to provide better service to customers through creating automatic, integrated and reliable processes which tries to cover this great in various ways such as information gathering, processing and integration (from different sources). With this definition, it may be said that the main purpose of a CR system is to increase customers’ and organization’s satisfaction, as well as enhancing both parties’ benefits and elevating the efficiency in marketing, sales, services and logistics. In fact, today’s customers are seeking purchase-induced benefits and expect value added from organizations more than products. This is a turning point in organizations’ competition. This paper made surveys about the factors which affect and lead to the CRM success. The results obtained have been synthesized in a conceptual framework as follows:

**Information Technology**

Nowadays information technology and communication are used as the tool for organizational communication, knowledge management, and strategies (Laudon, & Laudon, 2002). Likewise, CRM technology is the important strategic tool of an organization to attain success in CRM application (McKie, 2001; Stefanou, Sarmaniotis, & Stafyla, 2003) owing to the basic structure of information technology and information from customers databases (Torres, 2004). Primarily, the customer management strategy requires a center to store all customers' news and information. This center must have efficient information technology architecture that is adjustable according to the changing environment (Combe, 2004; Buttle, 2004). It must contain a systematic CRM in order to communicate with customers through direct dispatching of information to customers, a
strategy for retaining customers with the organization (Steffes, 2005). Besides, the quality of information sent to customers also affects the building of good relationship with customers. In this respect, application of technology can upgrade the information qualities (Zablah, 2005).

H1: Information technology is associating with CRM.

**Management commitment**

Management commitment is to support CRM implementations through generating an organizational environment that acknowledges CRM as an important element of business strategy (Narver & Slater, 1990) and by involving in activities that demonstrate their commitment to CRM implementation (Sabherwal et al., 2006). We assume that if top management effectively communicates that CRM is not merely a fad but instead represents the company's strategic orientation, this will consequently leverage the effectiveness of organizational implementations.

H2: Management’s commitment is associating with CRM.

**Human resources**

Ferrel and Hartline (2005) observe that employees are central to an effective CRM and as such firms must manage its relationships with their employees if they have any hope of fully serving customer needs and that this is especially important in firms where employees are the eyes of customers. Ferrel and Hartline therefore underscored that it is the significance of this that Bill Cooney, Deputy CEO of USAA, American property and casualty insurance firm with over $60 billion asset management portfolio with almost 100% of customer retention and consistently ranked among 100 best companies to work for in United States remarked that: “If you don’t take care of the employees, they cannot take care of the customers. We give employees all they need to be happy and absolutely enthralled to be here. If they are not happy, we will not have satisfied customers in the long run…We must have passion for customers, if we don’t we are in the wrong business” Simns (2003) demonstrate similar view that the success of CRM initiative relies on involving staff in designing it at an early stage, rather than simply imposing it on them, employees who interface with customers need to be empowered to address customers concern promptly.

H3: Human resources knowledge is associating with CRM.
Knowledge and understanding of CRM of organization's staff and management of organization managers

This factor is dealt with people, or the organization administrators who are involved in drawing up the policies and in driving CRM into success. It is required for administrators to have management capacity; that is, they should know CRM and understand it well. They are expected to establish visions and to lead the organization through representing CRM in an efficient manner, to take responsibility for the development of CRM strategies and to propel implementation through some securities supporting CRM including resources, working environment, time and technology. The administrators should have the capacity to mitigate the problems making them not achieve the goals they expected (Combe, 2004). The staff is required to be familiar with and to comprehend the CRM and organizational strategies and visions and also be informed of the customer-oriented services' values and the consequences of the building and maintaining good relationship between customers and organization (Greenberg, 2001).

H4: Knowledge of CRM is associating with CRM.

Organizational Culture

Organizational culture originated and has accumulated from beliefs, expectations, attitudes, and common values of all members. All of these aspects result in cooperative learning, acceptance, and implementation in order to attain the organizational aims and are transferred from one generation to the next (Wheelen, & Hunger, 2000). As far as CRM administration is concerned, it can be said that organizational culture and communication are the most difficult factors to achieve since the administrators need to change attitudes and make the personnel accept new concepts in CRM. Moreover, this involves the building of key working culture, establishing agreement for cooperation, building teamwork consisting of people of various disciplines that take different roles, integrative cooperation, and efficient communication, all of which require participation of personnel at all levels from administrators to operators (Mendoza et.al., 2006; Stone, Woodcock, & Machtynger, 2001). The staff is required to be familiar with and to comprehend the CRM and organizational strategies and visions and also be informed of the customer-oriented services' values and the consequences of the building and maintaining good relationship between customers and organization (Greenberg, 2001).

H5: Organizational culture is associating with CRM.
Research Conceptual Model

The conceptual model of the research provides a general view of the relations between information technology, management commitment, human resource knowledge, knowledge of CRM, organizational culture and CRM.

Conceptual model proposed by researcher

Research Methodology

The present research is in compliance with applicable goals, based on collecting data and is regarded as a descriptive type of research, and is of correlation type, regarding the research variables. The population of the present study includes the employees of Maroon Company in commercial division and related departments. The population size is 155 persons. Thus, since the population is small, the whole population is selected as sample. Organization and field study methods were used to gather information. As a whole, 155 questionnaires were distributed and 142 valid questionnaires were collected (n=142). But the major load of research was upon the examination of employees’ opinions, to obtain which questionnaires were used having been designed and distributed among them for the same purpose.
For the purpose of statistical data analysis, first the information obtained from documents available at the company was used. Also, as the researcher used questionnaires to collect other information, the research data were firstly extracted from the questionnaires and drawn up in the general information table. Then, the obtained information analyzed by using computer and through statistical software such as SPSS, MINITAB and EXCEL in the section of descriptive and deductive methods. In correlation analysis of information, first the frequency distribution and percentages observed for any of questionnaire items, designed using Likert scale and with options scored from 1 to 5, was sketched and Kolmogorov-Smirnov (KS) test used to examine the data normality. Results of this test for the questionnaire demonstrated that data are not distributed normally. Therefore, Spearman test is used for testing hypotheses, which is of correlation type. Results of above test indicate that the questionnaire’s reliability is at a very good level because the relevant Cronbach's alpha is generally higher than 0.7.

Research Findings
As it can be seen in table 1, in this research all factors of Management’s Commitment, Human resource knowledge, information technology, knowledge of CRM influence on CRM but the factor of organizational culture did not affect the success of CRM system. This was no similarly observed in a research conducted by Naimah Ali and others (2013) titled “Customer Relationship Management and Organizational Performance in Malaysian Healthcare Industry”, where they were seeking in this study to propose Customer Relationship Management (CRM) and Organizational Performance (OP) model for Malaysian healthcare industry. The results showed that CRM plays an important role in Malaysian Healthcare Industries. Collaboration of top management, technology and organizational culture should lead the organization to improve their performance in healthcare industry. It seems organizational culture would lead to improve performance of the organization.

Results of the present study are interestingly similar to the researcher’s base essay results. Piyawan Siriprasoetsin (2012) in a survey titled "Factors Affecting Customer Relationship Management Practices in Thai Academic Libraries”. This research aimed to investigate and
analyze the factors affecting customer relationship management (CRM) practices in Thai academic libraries. As far as organizational culture is concerned, showed that it was the second factor affecting CRM in libraries, but from most of the personnel's perspectives, organizational culture is not the important factor affecting CRM. In term of human resource, library staff must have good knowledge and understanding of CRM. About information technology, technology must be fully supported for CRM.

Luis E. Mendoza (2006) in "Critical success factors for a customer relationship management strategy." These factors cover the three key aspects of every CRM strategy (human factor, processes, and technology); giving a global focus and propitiating success in the implementation of a CRM strategy. As a conformation of this research, it was found that critical success factors must consider three components: human factor processes, and technology which constitutes a systemic, integrated and balanced approach.

According to coefficients obtained for Spearman correlation, the effectiveness of assessed dimensions may be summarized as follows:

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**. Correlation is significant at the 0.01 level (2-tailed).
Conclusion

Transactional or traditional marketing model did not seem suitable given the realities of modern marketing. In fact, the super structuralist transactional marketing relied on quantitative research and it was solely focused on short term economic transactions. Inattention to communications and its short term perspective made this model the origin of several crises in marketing which made it necessary to pay more attention to them. Therefore, not only various sectors of marketing were individually criticized, but also the whole process faced serious challenges. In these circumstances, the only way that could save the marketing as a separate field, was to create a substantial change in marketing paradigm. It is noteworthy that CRM is not a product or service to be presented by an organization, but the very commercial strategy of the same organization. Firms using CRM successfully have different goals; they apply different success indexes and see customers in different ways. Therefore, CRM marketers focus on their customer shares, customer life span, customer justice and the most valuable customers. In this concern, based on the present research, the requirement for success with CRM at Maroon Company is to use all and any of the following dimensions: Management’s commitment, Human resources knowledge, Information technology, Knowledge of CRM.

Research Limitations

Performing any applied research creates a limitation for the researcher due to influential internal and external variables which cannot be controlled. Thus, the effects of such external variables may have a considerable effect on decision making. The present paper’s limitations may be summarized as follows:

1. Questionnaire was used in the present research to measure customers’ attitudes and in other words, to measure the research variables. Although this questionnaire has been verified in terms of validity, but a major problem of the researcher is to explain the items to the respondents; and in general, as the questionnaire items were attitude-assessing and in examination of customers’ motivation numerous other variables than the said general principles; and particularly regarding the products in the present research which all incontrollable variables including imports, regulations, tariffs, consumption manner, environmental conditions and climate etc. influence the products’ consumption mode and
quantity and consequently, the respondents’ opinions, therefore it is not possible for the researcher to control all these variables and the research is limited by its implementation conditions. Therefore, the results should be interpreted considering the status quo and the effects of unwanted variables. This is why the results should be cautiously interpreted due to the said limitations.

2. On the other hand, another problem faced by the researcher, was the statistical analyses which should be used in the research. Such analyses mainly required fundamental information in the statistics area and has made researcher encounter with serious challenges. Thus, for the same purpose, the researcher tried to put himself through the process of statistical analysis while revising the fundamental statistical concepts.

Suggestions for Company Directors
1. It is obvious that we need continuous assessment and optimization of province-wide services due to the nature of CRM acknowledging that CRM implementation will not yield desirable results without an examination of status quo and desirable situation and without continuous assessment of its performance.

2. Since much emphasis has been put on human resource and organizational strategies in the literature, and on the other hand, since these the preparation of these factors is time-consuming and costly and it requires dramatic changes, the company has to invest in them more.

3. Since the CRM is a continuous process, its improvement and influence on the CRM system’s success in organization’s achievement of objectives can be assessed at any time.

Suggestions for Future Research
1. It is suggested that CRM implementation in other domestic and foreign firms be examined and their strengths and weaknesses be identified which may become an instrument for progress in competition with other companies.

2. In order to economically assess the project for human resource training and information technology application it is suggested that future investigations use the benefit-cost analyses method.
References


