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INTEGRATING CUSTOMER RELATIONSHIP MANAGEMENT AND HUMAN RESOURCE MANAGEMENT: AN EXPLORATORY STUDY IN THE BANKING INDUSTRY IN EGYPT

Key Words

Banking industry; Customer focus; Customer performance; Customer Relationship Management; Human Resource Management; CRM; HRM; HR factor; Manova.

Abstract

Growing or even simply sustaining profitability in today's rapidly changing global business environment is a daunting task. This research focuses on integrating Customer Relationship Management (CRM) and Human Resource Management (HRM) in modern banks. The study discusses customer orientation from a corporate culture perspective. Then, an exploratory investigation of constructs associated with sales culture will be examined in an industry that is experiencing rapid changes, mergers, and acquisitions in global markets, the banking industry. Finally, research conclusions, recommendations, strategic implications, limitations and suggestions for future research will be shared.

Introduction

For achieving a competitive advantage in the banking industry, it is not enough to provide the best "products/services" -whether these are current accounts, credits, mortgages, savings products, or currency transactions. For achieving success and survival, satisfying customers and building long term profitable customer relationships is imperative (Ingram *et al.*, 2010; Zhang *et al.*, 2007; Customer Relationship Management for banks, 2000).

The adoption and implementation of a Customer Relationship Management (CRM) program is vital for the achievement of both objectives. A number of studies in the banking industry concluded many deficiencies

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when serving customers and the lacking of a workable mechanism for understanding what's going on in their customers' lives and minds (Angel, 2000). For example, a study conducted by Insight for NCR in Canada in 1999 reveals a large discrepancy between how Canadian banks view their customer relationships and how they are viewed by the customers themselves. In another study done in 2010, it was proven that many organizations poorly understand and satisfy their customers (Ingram *et al.*, 2010). It concluded that business executives do not have enough dedicated customer experience for their management role, nor have a clear understanding of the customer experience that is well communicated within their companies. In addition, employees are not provided with the necessary tools and/or enough authority to solve customer problems, and are neither committed nor well-trained on how to serve and satisfy their customers.

Although, in a 2002 study conducted by the Aberdeen Research Centre, it stated that at the global level, business organizations paid about $ 13 billion to acquire and implement CRM strategies, programs, and technology (Forsyth, 2003). The successful implementation of a CRM program necessitates human resources (managers and employees) that are well selected, trained, compensated, and empowered. Therefore, banks are in need of the best and brightest bankers to deliver services to their customers in a highly professional, differentiated, and customized manner using the skills and behaviours of the "best in class" retailers (Nikolova, 2005). To provide "elite" services (Britt, 2005) highly committed and empowered bankers are developed through effective Human Resource Management (HRM). That is why there is a compelling need to integrate HRM with CRM.

The major purpose of this manuscript is to measure whether focusing on organization, communications, and information will make managers and employees more likely to engage in behaviours that can improve/increase customer satisfaction, loyalty, and profitability, through focusing on the role of the human resource (HR) factor. Therefore, this paper develops a model that incorporates both customer focus factors (including the human resource (HR) factor) and customer performance factors. The model is then tested to examine the effects of customer focus factors including the HR factor on efforts made for improving customer performance satisfaction, profitability and value/ behaviour factors. Lastly, research findings are interpreted providing research findings, conclusions, recommendations, implications for managers, and the need for future research.

Theoretical Overview

CRM has helped banks to move more toward an effective and efficient sales culture that is further away from the product and closer to the customer. A successful CRM implementation leads to higher response rates, cross-sell growth and improved customer retention. A number of researchers consider CRM as Customer Relationship Marketing that is based on events marketing, driven by the needs of the individual customer (Angel, 2000), equipped with value- driven marketing (Pride and Ferrell, 2009), and powered by trust- based selling (Ingram *et al.*, 2010). Customer relationship management applications are widely used by businesses that have large customer bases and that do extensive sales such as banks where the sales staff need a good CRM platform to rely on towards maximizing their sales (CRM Forum, 2010).

A number of thoughtful leaders in the banking industry are working on the next move, which is linking customer relationships to significant events to be able to achieve profits in both tough economic conditions and global competition. The next move needs competent, well trained, customer driven, experienced, and empowered managers and employees who are proficient in customer information analysis of individual customer interactions (including financial and non-financial transactions) and build effective and efficient customer relationships to be able to achieve profit in tough economic conditions (Customer Relationship Management in Europe Retail Banking, 2001).

Customer Relationship Management (CRM)

Management scholars define and perceive CRM from different perspectives. Customer Relationship Management is defined as "the long-term mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges" (Ingram *et al.*, 2010). Another definition of CRM, using an alternative term and perspective is "Customer marketing is a structured business method to measure, manage, and improve the performance of your customers and the customer focus of your company" (Curry and Curry, 2000).

Four key benefits that one or more aspects of Customer Marketing can deliver include: (a) More revenues and profits, (b) Increased customer satisfaction, (c) More employee motivation, and (d) More professional marketing and sales accountability (Curry and Curry, 2000).

From an academic perspective, management scholars believe that business organizations must acquire, satisfy, and maintain customers while maximizing their profitability and minimizing the cost of managing their relationships (e.g. Fung, 2001; Rombell, 2001; Bielsky, 2001; Bryson, 2001; Landberg, 2001; Tulley, 2001; McClure, 2001; Bexley and Lewis, 2000; Curry and Curry, 2000; Motley, 2000; Ptacek, 2000 ; Vincent, 2000 Donnelly, 1999). Business organizations are also required to regain and manage relationships with customers who have abandoned the firm (Thomas, Blattberg, and Fox, 2004). To increase the customer retention rate, Kandampully (1998) suggests that proactive service firms operate on two fundamental strategies: satisfying customers, and maintaining long-lasting relationship with them.

From a practical perspective, management practitioners perceive the real benefit of a successful CRM system as the increase in customer loyalty and consequently, revenues. For instance, a survey carried out at an American credit card company demonstrates how an increase in customer loyalty of just 5% can double company profits (Customer Relationship Management for Banks, 2000). Another study at an American bank, CRM is a critical element in the equation for accelerated earnings. PRO, or Profitable Relationship Optimization, provides a customized service structure for the bank's higher-profit customers (Key Accounts). PRO trained bankers broaden the customer relationship and reinforce the bank's commitment to those key accounts (Defelice, and Britt, 2005; and Wells, 1999).

Practitioners perceive another benefit of CRM as increasing customer value/positive behaviour overtime. Organizations (managers and employees) must exert maximum efforts to retain and increase long term profitability of every customer (McKay, 2010). To achieve customer profitability, customer needs have to be fulfilled through a customized and personalized way (Gupta and Shukl, 2002).

Academics and business scholars are highly concerned with customer satisfaction as they constitute the convincing focus for success, for example, Kulkarni (2009) and Lacey *et al.* (2007) stress on the compelling need to please the customer through providing exceptional tailor made services depending on innovation, and transforming the dormant assets (service elements which include technology, service processes, environment and people) into assets of substantially greater value to both the customer and the organization. While Britt (2005) tries to describe exceptional and elite service, Campbell and Frei

(2004) try to focus on methods of achieving customer satisfaction and profitability in financial firms.

Management, marketing, sales, and human resource researchers and practitioners reveal that CRM is adopted and implemented through various programs and tools in different countries like Turkey (Bayraktar *et al.*, 2010) Malaysia (Mohd Rizaimy *et al.*, 2010), Thailand (Nattharika *et al.*, 2009) as well as in many service organizations such as in airlines (Liou, 2009) and fast food chains (Mornay, 2009).

Business is nothing but relationships and "it is the lifeblood of all businesses" (Pride and Ferrell, 2009). Within service industries, this relationship is an interactive process (Reinartz and Kumar, 2000). It depends on human resources using customer databases and effective customer communication methods. Therefore, there is a compelling need for highly competent, professionally selected, trained, and empowered bankers, responsible for maximizing objective customer interactions through CRM Programs. Thereby utilizing data from past customer behaviours, cross-selling opportunities, and demographics to identify areas of sales opportunity, and high customer interest is necessary (Ingram *et al.*, 2010).

Integrating Customer Relationship Management (CRM) and Human Resource Management (HRM)

The success of customer relationship management strategies and programs depends on inputs from the human resource management systems. HRM is playing a vital role in supporting, shaping, and guiding the behaviour of managers and employees. Thus, a genuine management change initiative is vital to ensure that the human resource management systems align with CRM. Service management literature has emphasized the importance of the human resource quality and commitment in delivering superior service and building and managing customer relationships (Ingram *et al.*, 2010; Gupta and Shukla, 2002).

From the customers' perspective, a strong relationship with the supplier constitutes the firm's accessibility in the event of something going wrong. In professional services such as banking, the customer highly esteems this professional emotional bond (Marnix *et al.*, 2010). In many business situations in such service organizations, this professional emotional bond is created through personal interaction with the professional service provider (employee). It constitutes a primary and effective marketing medium for providing exceptional and excellent service. Thus, the human interaction evident during the service delivery process commonly reinforces the customers' trust, and effectively strengthens partnership relationships. Effective customer relationships generate customer loyalty and increase revenues (Thomas *et al.*, 2010).

Satisfying and building long term profitable customer relationships is imperative for success in the banking sector. This can only be achieved if employees and managers are empowered to serve, satisfy, and retain customers.

This research introduces a model that explains the integration of the Customer Relationship Management (CRM) and Human Resource Management (HRM) (see Figure 1). A CRM system cannot be implemented unless the human resource managers and employees at all levels believe in it and its importance and benefits to the organization. The success of a CRM system relies on a strong belief at the top levels of management and effective recruitment, selection, empowerment and training of managers, supervisors and executives.

The Human Resource Management (HRM) major tasks and responsibilities start with human resource planning and organization in terms of organizational structure and job locations. Then, HRM activities such as recruitment, selection, salary scales, and incentive schemes design follow. Training managers and employees, and appraising their performance come next. HRM activities are essential for effective implementation and continuous improvement of a CRM system and program. Empowerment is vital for building and maintaining effective and long term customer relationships.

The CRM system relies on customer data collection and analysis that assist managers in effective and efficient decision making, and follow up, and effective and efficient implementation by employees.

The integration and interrelationship between HRM and CRM in terms of Recruitment, Selection, Job description, Training, and Appraisal (RSJTA) in addition to empowerment of the human resource (employees and managers) is essential for effective and efficient implementation of CRM.

The Integrative Model

There are two kinds of customer-related success factors that can be measured and managed: efforts toward customer performance factors and customer focus factors (Curry and Curry, 2000; and Wurtz, 2000). Following the work of Curry and Curry (2000) and Wurtz (2000), their paper investigates whether focusing on organization, communications, and information will make managers and employees more likely to engage in behaviours that can improve/increase customer satisfaction, loyalty, and profitability, concentrating on the role of the human resource (HR factor) (See Figure 1).

Upon their discussion, the following hypotheses can be presented:

H1: Focusing on organization, communications, and information will make employees and managers more likely to engage in behaviour that can improve/increase customer satisfaction, loyalty, and profitability

H2: The organization factors will positively affect the perceived efforts for improving customer performance factors.

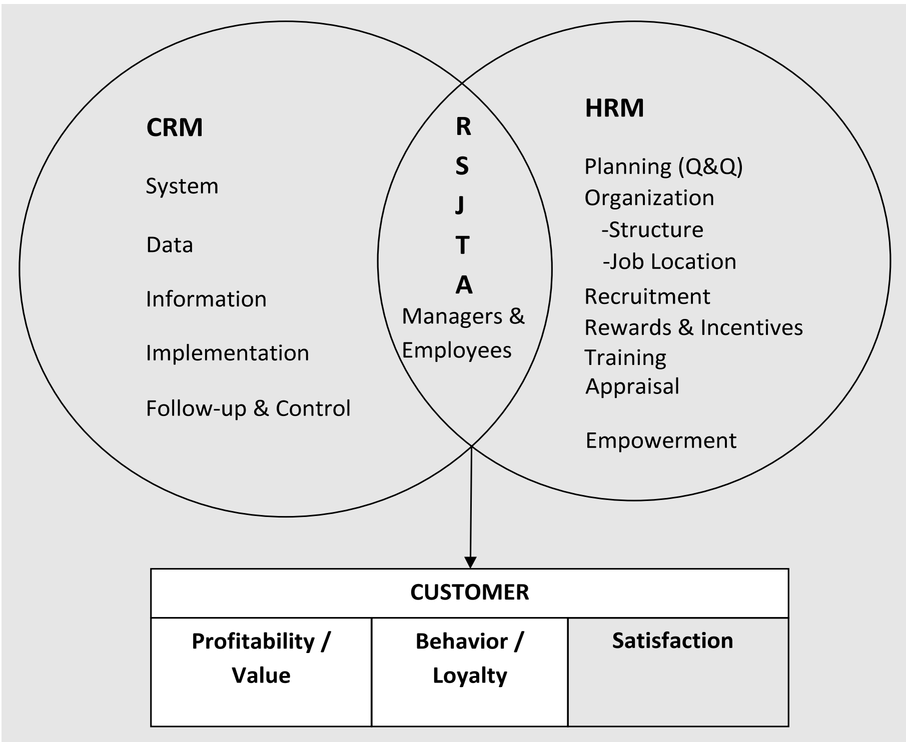

Figure 1: The Integration between CRM and HRM

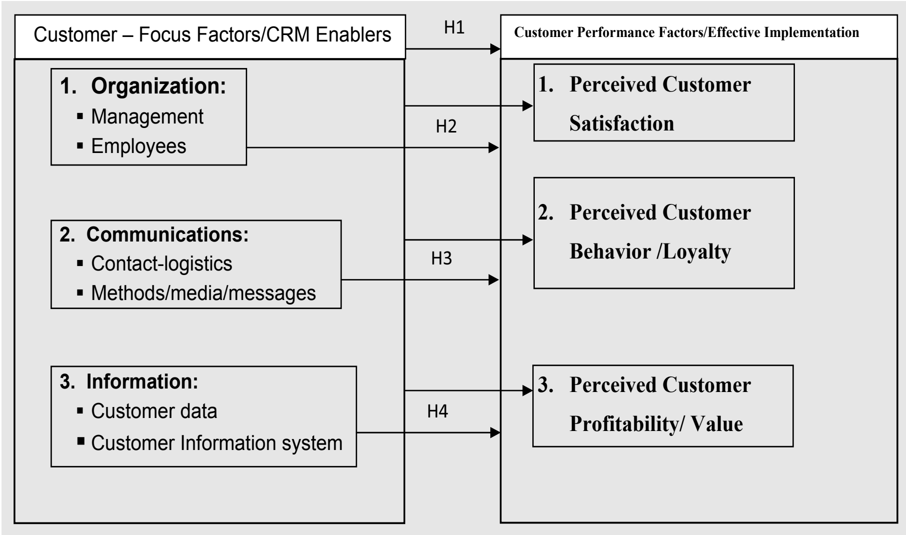

Figure 2: A Customer Relationship Management (CRM) Model Focusing on the HR Factor

H3: The communication factors will positively affect the perceived efforts for improving customer performance factors.

H4: The information factors will positively affect the perceived efforts for improving customer performance factors.

Methodology

Procedure

A pilot study was administered to explore the customer focus factors/ CRM enablers that lead to effective implementation of CRM / the customer performance factors. Personal interviews were made with 12 top level managers, 48 sales and customer service/care/relations managers and supervisors in commercial banks in Egypt. A number of questionnaires including customer focus factors/CRM enablers and effective implementation/customer performance factors were used and collected during the interviews but the Curry and Curry (2000) questionnaire proved to be the suitable and most valid instrument for this research.

The questionnaire was translated into Arabic and revised many times by specialists until approved as typically matching with the English version. Both Arabic and English versions were used upon request of the respondents. A pre-test took place in 2 commercial banks on 51 sales and customer service/care/relations supervisors through personal interviews, and accordingly the questionnaire was modified and put into its final form.

Subjects

The research population includes sales and customer service (care/relations) supervisors in the 20 commercial banks in Egypt that are licensed for E-banking transactions (Central Bank of Egypt, 2010) and are implementing modern and advanced programs, methods and techniques in customer service and customer relationships. A representative sample of 449 sales and customer service supervisors was selected from headquarters and branches. The chosen sample was a random sample representing about 30% of the total research population. 359 questionnaires were returned with a response rate of 80%. After a preliminary review of the returned questionnaires, 339 were found useful for analysis.

Measurement Instruments

The questionnaire measures the perceptions toward the customer focus/CRM enablers including the HR factor, and customer performance factors/CRM effective and efficient implementation. The questionnaire is multi-dimensional as it measures the CRM enablers/commitment and efforts to achieve customer focus factors including the HR factor (organization, communication, and information) as well as the measurement of the efforts made for measuring and improving customer performance factors (customer value/profitability, customer behaviour, and customer satisfaction)/CRM effective and efficient implementation. A 5- point Likert scale is used throughout the questionnaire where 5 means strongly agree and 1 means strongly disagree.

Perceived customer focus factors: A multidimensional 18-item measure of CRM enablers/ perceived customer focus factors is used. Subjects were asked to indicate their perceptions toward each statement. Customer focus factors consisted of 3 major dimensions (with 6 sub-scales): organization (management and employees), communications (media/ methods/messages, and contact logistics), and information (customer data, and customer information systems). The alpha coefficient for the 18-item scale was.92 for all customer-focus factors.

Perceived customer performance factors: A multidimensional 9-item measure of perceived efforts toward measuring and improving customer performance factors/effective and efficient CRM implementation. Customer performance factors consist of three dimensions: customer profitability/value, customer behaviour/loyalty, and customer satisfaction. The alpha coefficient of the nine- item scale of customer performance factors is.81 for all perceived customer performance factors.

Results and Discussion

Table 1 shows the means, standard deviations and inter-correlations for all scaled variables. The bi-variate

Table 1
Means, Standard Deviations & Intercorrelation between Scaled Variables

Variables	Means	Standard Deviation	Intercorrelations between scaled variables*													
			Customer - focus factors										Customer Performance Factors			
				Organization			Communication			Information						
			Total	Mgmt	Em-ployees	total	Methods & Media	Contact-Logistics	total	Customer Data	Cust Inf. Syst.	total	Cust. Prof.	Cust. Behav	Cust. Satisf.	Total
Customer - focus factors/CRM Enablers																
- Organization:	4.1	0.5	.85	.90	.88	1.0	.68	.52	.66	.49	.51	.55	.36	.38	.55	.60
* Management	4.4	0.7	.76	1.0	.58	.90	.61	.44	.57	.50	.50	.55	.47	.41	.59	.63
* Employees	4.5	0.7	.74	.58	1.0	.88	.60	.49	.59	.41	.44	.47	.22	.29	.41	.45
- Communications:	3.3	0.5	.89	.57	.59	.66	.88	.91	1.0	.62	.52	.64	.39	.50	.51	.62
* Methods/ Media	4.0	0.6	.81	.62	.60	.68	1.0	.63	.89	.55	.46	.57	.45	.48	.52	.64
* Contact -logistics	3.0	0.7	.80	.44	.49	.52	.63	1.0	.91	.59	.53	.62	.29	.45	.43	.52
- Information:	3.3	0.6	.84	.55	.47	.55	.57	.62	.64	.91	.91	1.0	.41	.48	.53	.57
* Customer data	3.1	0.7	.77	.50	.41	.49	.55	.59	.62	1.0	.66	.91	.44	.46	.58	.58
* Customer Information systems	3.5	0.8	.74	.50	.44	.51	.46	.53	.52	.66	1.0	.91	.30	.40	.39	.46
Total	**4.6**	**0.59**	**1.0**	**.76**	**.74**	**.85**	**.81**	**.80**	**.89**	**.77**	**.74**	**.84**	**.41**	**.50**	**.60**	**.68**
Customer - performance factors/Effective and efficient implementation:																
- Customer profitability.	4.5	0.4	.41	.47	.22	.36	.45	.29	.39	.45	.30	.41	1.0	.64	.54	.83
- Customer behavior.	3.8	0.5	.50	.41	.29	.38	.48	.45	.50	.46	.40	.48	.64	1.0	.45	.60
- Customer satisfaction	4.1	0.6	.60	.59	.41	.51	.52	.43	.51	.58	.39	.53	.54	.45	1.0	.63
Total	**4.1**	**0.7**	**.66**	**.63**	**.45**	**.69**	**.64**	**.43**	**.62**	**.58**	**.46**	**.57**	**.83**	**.79**	**1.79**	**1.0**

* Significant at.01 level

TABLE 2
The Effects of Perceived Customer - Focus Factors on Perceived Customer Performance Factors (MANOVA Test)

Variables	F	DF	Significance
1. Organization:			
- Customer profitability	1.46	31	.05
- Customer behaviour	1.44	31	.05
- Customer satisfaction	2.35	31	.01
2. Communication:			
- Customer profitability	1.45	30	.05
- Customer behaviour	2.06	30	.01
- Customer satisfaction	2.80	30	.01
3. Information:			
- Customer profitability	1.54	34	.05
- Customer behaviour	2.03	34	.05
- Customer satisfaction	2.26	34	.01

correlation results show that the six customer focus subscales/ CRM enablers are positively related to the three perceived customer performance factors: customer profitability, customer behaviour/loyalty, and customer satisfaction (effective and efficient CRM implementation).

To determine the relevant effects of the customer focus factors/CRM enablers on the perceived efforts made for measuring and improving the customer performance factors/effective and efficient implementation, Multivariate Analysis of Variance (MANOVA) was used (see Table 2). This method combines features of variance analysis and regression analysis (Hopkins, 1973).

The MANOVA test revealed a significant effect of customer focus factors/CRM enablers on effective and efficient CRM implementation/perceived efforts for measuring and improving customer performance factors (Wilks' Lambda, $F = 1.21$, $df = 212$, $p = .05$). Table 2 shows that CRM enablers / the customer focus factors (organization, communication, and information) are related to and have a positive impact on the CRM implementation/perceived efforts made for measuring and improving customer performance factors (customer profitability, customer behaviour/loyalty, and customer satisfaction) ($F = 1.8$, $df = 50$, $p = .01$). The MANOVA test of main effects provides evidence that customer focus factors/ CRM enablers have a positive impact on CRM implementation/perceived efforts for measuring and improving customer profitability/value ($F = 1.33$, $df = 53$, $p = .05$), customer loyalty/behaviour ($F=1.36$, df $=53$, $p=.05$), and customer satisfaction ($F=2.01$, df $=53$, $p=.01$). Thus H1, H2, H3, and H4 are supported. That means the higher the customer focus factors (CRM enablers), the higher the perceived efforts for measuring and improving the customer performance. The higher the organization (managers and employees), communication, and information factors, the higher the perceived efforts made for measuring and improving customer profitability, customer loyalty/ behaviour, and customer satisfaction. However, the effect of customer focus factors is higher on CRM implementation/ perceived efforts made for measuring and improving customer satisfaction than on customer loyalty and customer profitability.

Organization, as a customer focus factor/ a CRM enabler, is positively related to CRM implementation/efforts made for measuring and improving customer performance. The Multivariate test reveals a positive impact of organization on CRM implementation/efforts made for measuring customer performance (Wilks' Lambda, $F=1.22$, df$=124$, $p=.05$). The MANOVA test of main effects proves that organization (managers and employees) has a positive effect on CRM implementation/efforts made for measuring and improving customer profitability ($F=1.46$, df$=31$, $p=.05$), customer behaviour/loyalty ($F=1.44$, df$=31$, $p=.05$), and customer satisfaction ($F=2.35$, df$=31$, $p=.01$). That indicates that the higher the focus on organizational (managers and employees) commitment to customer focus, the more effective and efficient the CRM implementation/the higher the efforts made for measuring and improving customer performance: customer profitability, customer loyalty/behaviour, and customer satisfaction. Organization is a significant predictor of effective and efficient CRM implementation/ efforts made for measuring and improving customer performance, and customer satisfaction in specific. Therefore, there is sufficient evidence that the organization of sales and customer service (supervisors and officers) have a positive impact on CRM implementation/efforts made for measuring and improving customer satisfaction, loyalty, profitability and specifically, customer satisfaction.

The MANOVA test of main effects proves that there is sufficient evidence that (a) Management has an impact on CRM enablers/ measuring and improving customer focus factors ($F=3.5$, df$=18$, $p=.01$); and a positive impact on CRM implementation/ measuring and improving customer performance factors ($F=1.78$, df $=18$,$p=.05$). This means the higher the management commitment to customer focus, the higher the customer focus factors (the CRM enablers) and the more effective and efficient CRM implementation/ the higher the efforts made for measuring and improving customer performance factors. (b) Employees have an effect on CRM implementation/efforts made for measuring and improving customer focus factors ($F = 3.7$, $df = 15$, $p = .01$). It indicates that the higher the employees' commitment to customer focus, the more effective and efficient the CRM implementation is/the higher the efforts made for measuring and improving customer performance factors.

Communication, as a customer focus factor/CRM enabler, is related to CRM implementation/efforts made for measuring and improving customer performance. Multivariate test provides sufficient evidence that communication has a positive impact on CRM implementation/efforts for measuring and improving customer performance (Wilks' Lambda, $F = 1.46$, $df = 120$, $p = .01$). The MANOVA test reveals that communication has a positive effect on CRM implementation/ efforts made for measuring and improving customer profitability ($F = 1.45$, $df = 31$, $p = .05$), customer behaviour/loyalty ($F = 2.06$, $df = 30$, $p = .01$), and customer satisfaction ($F = 2.80$, $df = 30$, $p = .01$). That means that the more planned and interactive the customer communication, the more effective and efficient the CRM implementation /the higher the efforts made for measuring and improving customer performance (customer profitability, customer loyalty and customer satisfaction). The MANOVA proves that methods/media/messages have a positive effect on customer focus factors ($F = 4.0$, $df = 17$, $p = .01$); and a positive effect on the CRM implementation/efforts made for measuring and improving customer performance factors ($F = 1.77$, $df = 17$, $p = .05$). This means the more effective and objective the customer communication methods, media and messages, the higher the customer focus factors and the more effective and efficient the CRM implementation/the higher the efforts made for measuring and improving the customer performance factors. Contact-logistics have a positive effect on customer focus factors ($F = 4.3$, $df = 15$, $p = .01$). That indicates that the more effective and objective customer contacts-logistics, the higher the customer focus factors.

Information as a customer focus factor is positively related to CRM implementation/efforts made for measuring and improving customer performance. The Multivariate test provides evidence that there is a positive impact of information on CRM implementation/ efforts made for measuring and improving customer performance (Wilks' Lambda, F = 1.46, df = 120, p = .01). MANOVA test proves that information has a positive effect on CRM implementation/measuring and improving customer profitability (F = 1.54, df = 34, p = .05), customer behaviour/loyalty (F = 2.03, df = 34, p = .01), and customer satisfaction (F = 2.26, df = 34, p = .01). This means that the more effective, flexible, updated, complete, and user-friendly the customer information system, the more effective and efficient the CRM implementation/ the higher the efforts made for measuring and improving customer performance (customer profitability, customer loyalty and customer satisfaction). There is sufficient evidence that customer data positively affects CRM implementation/efforts made for measuring and improving customer performance factors (F = 3.64, df = 15, p = .01). This indicates that the more up-to-date, complete, and useful the customer data, the more effective and efficient the CRM implementation/ the higher the measurement and improvement of customer performance factors. The customer information system positively affects customer focus factors (F = 2.29, df = 18, p = .01). This indicates that the easier, more flexible, and user-friendly the customer information system, the more effective and efficient the CRM implementation/ higher the efforts made for measuring and improving customer performance factors.

When testing the effect of the demographic profile on CRM implementation/efforts made for measuring and improving customer performance, there is a significant relationship between position and CRM implementation/measuring and improving customer performance. It seems that the higher the organizational rank, the more effective and efficient the CRM implementation/ the higher the efforts made for measuring and improving the customer profitability, customer loyalty, and customer satisfaction.

Conclusion

The research findings indicate the relationship between emphasizing the CRM enablers/customer focus factors: organization, communication, and information factors and the efforts made for CRM effective and efficient implementation through measuring and improving customer performance: customer satisfaction, loyalty, and profitability. There is a significant positive relationship of perceived customer focus factors to perceived efforts for CRM effective and efficient implementation through measuring and improving customer performance factors. There is sufficient evidence that customer focus factors have a positive impact on efforts made for measuring and improving customer performance factors. This means the higher the perceived organizational customer focus factors/ CRM enablers, the more effective and efficient the CRM implementation/ the higher the perceived efforts for measuring and improving customer performance. The higher the perceived CRM enablers: organization, communication, and information factors, the more effective and efficient the CRM implementation / the higher the perceived efforts for measuring and improving the customer value/profitability, customer loyalty/ behaviour, and customer satisfaction. So, if the business organization focuses on its CRM enablers/ customer focus factors: organization, communication, and information, the more effective and efficient the CRM implementation and the efforts made for measuring and improving the customer performance will improve.

In conclusion, focusing on customer factors (organization, communication, and information) are a significant predictor of the effective and efficient CRM implementation/ perceived efforts made by employees and managers for improving customer performance factors (customer value/ profitability, customer loyalty, and customer satisfaction). If the organization improves its customer focus factors/ CRM enablers, the efforts made by employees and managers to improve customer performance: customer profitability, customer loyalty, and customer satisfaction are improved and the CRM implementation will be effective and efficient as a result. Concerning organization: (employees and managers), they are playing an important role and have an effect on effective and efficient implementation of CRM/ efforts made for measuring and improving customer performance. Thus, integration between both Human Resource Management (HRM) and Customer Relationship Management (CRM) is important as empowered team members and leaders involved in such a CRM program are playing a major role in designing customer databases, and information systems, making customer contacts and contact- logistics, and working on and measuring customer satisfaction, loyalty, and profitability.

Recommendations and Implications for Managers

Adopting an effective and successful customer relationship management (CRM) strategy and achieving "customer focus" is a long-term process, not an event. Success and continuous improvement is a matter of degree as the institution moves along the continuum from a product to total customer orientation. In addition, in the journey of success, the integration among HRM (Human Resource Management) and CRM is necessary, as employees and managers charged with the implementation of CRM should be well selected, oriented, trained, motivated, empowered, and compensated.

The complexity of the CRM challenge, along with the number and variety of options to pursue and progress requires significant planning and analysis for continuous success. The right start is an assessment to identify gaps in the current profile including the human element, information and customers' databases, and customer contacts and contact logistics. The resulting analysis allows a tactical plan, which becomes the road map for continuous progress in the success journey. Financial institutions and banks need to focus on and continuously improve three areas that achieve continuous success: leadership to drive CRM success, people and activity to activate CRM success, and support to facilitate CRM success. Banks could launch numerous initiatives to move toward effective customer focus and achieve CRM success.

CRM successful implementation necessitates providing talented and differentiated human resources performing on a scientific and professional basis, equipped with effective and supportive HRM systems through:

1- Effective selection of CRM team members and leaders through preliminary interviews; then, patterned, and in- depth interviews focusing on personal history, achievements, and personality to overcome resume inflation.

2- Effective training of CRM teams, in specific new members or leaders, through indoctrination training, then on- the- job training, followed by retraining every 3-6 months (advanced programs) and based on tailor- made programs according to the needs of team members and leaders.

3- Effective and continuous performance assessment and improvement is recommended. At the team members' level, a personal assessment and self evaluation is periodically recommended. At the leadership and managerial level, round table discussions, and brainstorming sessions are recommended for continuous improvement.

4- Effective and fair reward system management that depends on progressive incentives and intrinsic motivation.

Implications for Managers

For marketing, sales, and customer service and HR managers, supervisors, specialists and officers in banks in global markets, here are 7 steps to succeed in designing, planning for and implementing a Customer Relationship Management program with HRM integration:

1- Make your customer pyramid with a spreadsheet: you should list customers for one year of revenues, sort from highest to lowest revenues, segment at 1%, 4% to 15% and 80% of customers, and calculate percentage of suctomers versus percentage of revenues.

2- Form customer teams: customer teams are essential for CRM effectiveness and success. Teams should involve permanent members from such departments as marketing, sales, telesales, and customer service; and ad hoc members from other departments such as finance, production, logistics, and top management. Selection, orientation, training, motivation, compensation, and rewarding are human resource activities that can guarantee outstanding performance of the customer teams and CRM effectiveness and success.

3- Estimate customer potential: (a) total projected customer spending for the coming fiscal year: what customers will spend/invest next year on modules and/or applications should be estimated. Factors such as industry of customer, size of customer, known investment/spending plans...etc should be considered. (b) Customer share: what share of that customers' spending will be estimated. Factors such as customer satisfaction, competition, and doing business with the customer should be considered.

4- Conduct customer interviews: (a) What needs to be discovered during the interview: total projected customer spending for the coming fiscal year (or indication factors), the customer share (or indication factors), satisfaction levels and loyalty indicators, how can you do more business with the customer. (b) How to conduct the interviews? Face to face is recommended for big customers and high potentials, telephone interviews can be used for medium customers and prospects, written interviews are useful for small customers who will stay small, Email/web interviews can be attempted.

5- Set a goal for every customer: (a) a decision of what to do with every customer in the pyramid should be made. The goal can be keep the customer at same level, upgrade to another level, and downgrade to another level, reactivate an inactive customer, or create a customer from a prospect. (b) Realistic revenue targets should be set. (c) Goals should be added up to check how they match with the company's goals and "your quota".

6- Make a contact plan for every customer: (a) a list of all contact possibilities and capacity has to be made. Contacts can be made through personal visits, phone calls, e-mails, exhibition...etc (b) "standard" contact plans must be made for different situations: to keep the customer at same level, upgrade to another level, downgrade to another level, reactivate an inactive customer, and/or create a customer from a prospect. (c) "Standard" plans to customers are to be applied, and (d) plans are to be adjusted to meet specific circumstances.

7- Measure your results: recording, communicating, brainstorming, measuring and planning for dealing with customer value changes, customer behaviour changes, customer satisfaction changes, and customer pyramid changes.

8- When it comes to CRM, customer service, and sales staff, a personalized service, consultative approach, and innovative attitude allow for the development of the best staffing solutions for organizations while advancing the career goals of employees. Good CRM, customer service, and sales staff needs to be rewarded and encouraged to draw out their best. This is particularly important in the banking industry where CRM, customer service, and sales professionals need to be empowered, rewarded and encouraged to bring out their best performance and commitment.

Need for Future Research

Future research could examine whether more factors can be added to the customer focus factors and test the impact of those factors on the customer performance factors. Further research could investigate the impact of the same customer focus factors on the same customer performance factors but in other contexts and/or in other industries such as hi-tech, hospitality, education, manufacturing or pharmaceuticals. Research samples containing women as well as men for comparative studies is also recommended as well as comparative studies between two large, two medium and/or two small firms would be beneficial. Finally, more research is needed to expand and validate customer focus and its impact on employees as well as customer performance. Examining additional applications in other international context such as in Asian, European, Canadian, American, Australian, African, Middle East is recommended. Organizational rank was a significant predictor in this study; it might be useful to explore the reasons behind this finding. Curry and Curry (2000) stated: "If you can't measure the factors in the Customer Relationship Management Model, you can't manage them. There is a whole tribe of professionals out there measuring your profits-the accountants. But is anyone measuring customer profitability, customer behaviour, customer satisfaction, and customer focus so that they can be managed and improved?"

How do banks and financial service organizations benefit from customer focus? Today's banking sector employees work in a stressful organizational environment due to severe competition, mergers, and ownership changes. A variety of programs, including customer focus, empowerment and customer relationship management, are touted as "cures" for lagging margins, a trend toward decentralization of management systems, and the demand for customer-responsive yet cost-efficient operations is essential.

Appendix

Scale items

A. Customer focus factors:

1. Organization:

a - Management:

- Management in our organization is committed to improve the customer focus
- Management is a role model in its behavior of focusing on customers
- Management provides the necessary budget and resources to improve the customer focus

b - Employees:

- Employees acquire enough skills to treat the customer professionally
- Employees give customer needs a great priority
- Employees work as teams when contacting and serving customers

2. Communication:

a - Methods/ Media:

- We are using effective and efficient contact method to achieve objectives
- Our customer contacts reflects our complete knowledge with their needs
- We concentrate, on our customer contacts, on the benefits of the products and services more than their specifications

b - Contact -logistics:

- We design a plan for contacting and reaching every customer
- The implementation of the customer contact plan is registered in the procedure manual and log sheet.
- We use informal contacts with customers for non commercial purposes

3. Information:

a - Customer data

- We have useful database to determine prospected customers and contact the right customers to offer the right service at the right time
- Data is complete for every customer

- Data is up to date for every customer

b - Customer Information systems

- The customer information system is user- friendly in analyzing and contacting customers (mail-phone-meetings)
- The customer information system is easy and flexible to use (could be changed according to needs)
- The customer information system provides customer data to everyone in the organization.

B - Efforts for improving customer performance factors:

1 - Customer profitability

- Measuring and improving every customer profitability is a priority in my organization
- Managers are exerting their maximum efforts to measure and improve the profitability of every customer
- Employees are exerting their maximum efforts to measure and improve the profitability of every customer

2 - Customer behavior

- Measuring and improving the sales turnover for every customer is a priority in my organization
- Managers are exerting their maximum efforts to measure and improve the sales turnover for every customer
- Employees are exerting their maximum efforts to measure and improve the sales turnover for every customer

3 - Customer satisfaction

- Measuring and improving the satisfaction of every customer is a priority in my organization
- Managers are exerting their maximum efforts to measure and improve the satisfaction of every customer
- Employees are exerting their maximum efforts to measure and improve the satisfaction of every customer

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الملخص

تكامل إدارة علاقات العملاء و إدارة الموارد البشرية: دراسة استكشافية في قطاع البنوك في مصر

نرمين مجدي عطية
الأكاديمية الحديثة لعلوم الكمبيوتر وتكنولوجيا الإدارة

يعدّ إرضاء العميل وبناء علاقات طويلة الأجل ومربحة مع العملاء مطلباً رئيساً في قطاع البنوك من أجل تحقيق النجاح. ولتحقيق ذلك هناك حاجة إلى التكامل بين إدارة علاقات العملاء وإدارة الموارد البشرية، وذلك عن طريق اختيار العناصر ذات الكفاءة الفعالة وتدريبها وتمكينها من تقديم خدمة متميزة للعملاء. هذه الدراسة استكشافية، فهي تختبر الفرض الرئيس الذي ينص على أنه يمكن للبنوك أن ترى تحسنا في رضاء العملاء وولاء العملاء وربحية العملاء إذا تم التركيز على المقومات اللازمة لتطبيق نظام إدارة علاقات العملاء وأهمها: المنظمة (مديرين وموظفين) واتصالات (اتصالات وكذا رسائل موجهه للعملاء) وبيانات (من خلال نظام معلومات موجه للعملاء). لذلك تم اختيار عينة عشوائية تمثل ٣٠٪ من مجتمع البحث: مشرفي المبيعات، وعلاقات العملاء في البنوك المصرية التجارية التي تم الترخيص لها بتقديم خدمات بنكية إلكترونياً، ويبلغ عددها عشرين بنكا. وقد توصلت الدراسة إلى وجود علاقة بين التركيز على المقومات اللازمة لتطبيق نظام إدارة علاقات العملاء/عناصر التركيز على العميل: المنظمة والاتصالات والمعلومات والجهود المبذولة لقياس والتطبيق الكفء لإدارة علاقات العملاء والفعال لها، من خلال اتجاهات العاملين نحو قياس وتحسين رضاء العميل وولائه وسلوكياته وربحيته.

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