

Influence of Customer Relationship Management (CRM) on Customer Centric Behaviour in Nigerian Telephony Industry .

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Abstract

This study explores the influence of Customer Relationship Management (CRM) dimension on customer centric Behaviour (CCB) in a telephony industry using 200 igbo people from the South Eastern geo-political zone of Nigeria as participants. Results of multiple regression analysis indicated that CRM strategy was significantly and positively associated with more favourable Customers Centric Behavioral (CCB) outcome: findings confirmed the three hypotheses and were discussed in the light of CRM theory (Chen and Povich, 2003).

INTRODUCTION

In recent years, the development of Customer Relationship Management (CRM) as well as the management of customer relationships has become the kernel of research among customer behaviorists. Strategic management researchers and marketing management practitioners, both in the academic area and the business field, enthusiastically have shared their viewpoint and experiences in applying (Law, Lau and Wong, 2003) Customer relationship management (CRM) innovations. Different conceptualizations have been propounded for the operationalization of CRM. Some scholars view CRM as a system (Kotorov, 2003); few perceive CRM as strategy (Onwumechili and Okereke- Arungwa, 2003) while others view CRM as a technology (Croxby, 2002).

Apparently, CRM became the number one focus when today's markets were getting more saturated and competitive. The marketing model is changing from the product-centered stage to the customer-centric stage. Thus, CRM is the management of the lifetime value relationship with customers through the use of information technology and is the human aspects of the long-term relationship between customers and the company in a "C – 2 – C" customer to company marketing model (Law, Lau and Wong, 2003). In essence, CRM is a strategic combination of people, processes and cyber technology that seeks to understand, modify and attract Customers-To-Customers (C-2-C) made possible by advances in information communication technology; and organization transformation in customer – centric process (Chen and Powich , 2003). It is

plausible that CRM consists of the activities a business performs to identify quality, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or services, to the right customer through the right channel, at the right time and at the right cost (Galbreath and Rogers, 1999). CRM is an enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty and customer profitability (Swith, 2001). Again, CRM is the process of storing and analyzing the vast amount of data produced by sales calls, customer service centers and actual purchases, supposedly yielding greater insight into customer behaviour (Hamilton, 2001). In addition, Customer Relationship Management (CRM) is sometimes referred to as customer relations marketing or customer relationship marketing or customer managed relationship. Technically, CRM is an information technological term for methodologies, software, and human capital and usually, refers to internet capabilities that help an enterprise manager customer centric relationship in an organized way. Xu, Yen, Lin and Chou, (2002) also view CRM as an all embracing approach which seamlessly integrates sales, customer service, marketing, field support and other functions that touch customer.

In the literature, advocates of CRM are quick to point out that there are a number of frameworks available which outline the core component of CRM initiatives (e.g. Poter's Generatic Framework, Nnedum's Customer Centric Experience, Crosby's Six Myth and Reality, Oracle's Back-Office "Front Office" System Integration Break Through). The majority of these contributions have been made by people with technological operations, or electronic business background and perspectives. Only recently has research attention been focused on the marketing or customer centric side of CRM in the African environment (Nnedum, 2004b) and the need to demonstrate the effectiveness of CRM innovation scientifically (Nnedum, 2004b). Yet, there is a dearth of empirical evidence that relate the implementation of CRM initiative to perceived Customer Centric Behaviour. In essence, empirical research that explored the relationship of the CRM dimension to the perceived customer attitudinal centric behaviour response characteristics has, unfortunately lagged in Nigeria.

The purpose of this investigation is two fold, to assess the extent to which CRM innovation (i.e Management Term Commitment, ICT System Network accessibility and Corporate Culture) have been perceived to become an integral component of NITEL'S customer relationship strategy. The second purpose of the study is to explore the relationship between the implementation of CRM initiatives and Customer Centric Behaviour outcome such as total customer experience.

THEORY AND HYPOTHESIS

Today, thousands of corporations, in Nigeria and around Africa are involved in strategic efforts to implement one or more CRM approaches for the purpose of transforming, reviewing, re-inviting and strategizing for adaptation, viability, survival and profitability.

In Nigeria, CRM is still a relatively uncharted area of customer – centric strategy as CRM has received only cursory mention in a few studies (Onwumechili 2001; Onwumechili and Okereke Arungwa, 2003). However, Onwumechili and Okereke Arungwa (2003) in analyzing people's perception of the Nigeria Telecommunications Plc's (NITEL's) services to be good, found several complaints such as poor customer

services in general, frequent line breakdowns, high costs, and lengthy installation time to be the major complaints as majority of Nigerians indicated preference for an alternative service provider in a competitive environment.

Historically, the Nigeria Telecommunication industry had been dominated for decades by a monopoly company: The Nigerian Telecommunications limited (NITEL). However, NITEL existed as the only government monopoly which for a long time provided Nigeria's telecommunication services until the introduction of a relatively limited form of competitive market with a span of more than a decade after the liberalization of Nigeria telecom market through the establishment of M-Tel in 1992, itself a wireless government firm. As at that time, the teledensity (i.e number of telephone per 100 persons) in Nigeria was 0.05 compared with 34.4 in Europe, 304 in the American, 6.03 in Asia and 1.85 in Africa (Nkamnebe and Olisa, 2003). In addition, cell-density was 6.92 in the Americas, 0.17 in African and computer ownership status was low at 0.5 computers per 200 persons relative to 3.8 in South Africa (Nkamenba and Olisa, 2003). In the 2000s, more private competitors: MTN Nigeria, Econet, Globacom, and V-mobile became emerging leaders in wireless telephony area. In the year 1992 Nitel became a Transitory Corporation. A Transitory Corporation is a firm that is undergoing gradual change of ownership. Nnedum, (2004a) perceived a Transitory Corporation as an organization undergoing change from either private to public or vice-versa. Thus, with the liberalization of telecom market and the wave of privatization of public enterprises, the Nigeria Telecommunications limited, which was a dominate monopoly for decades now prepared to survive in the new competitive market environment in a more merchant posture as: NITEL PLC" Nnedum, (2004a) further proposed that transitional behemoth should adopt a new value system that tend towards a customer responsive state. At the same time, it needs to shift not only from public to private sector culture, but also from monopolistic to competitive culture. Also with the implementation of a CRM programme in NITEL PLC, M-tel GSM began to show responsiveness on how they viewed customers as NITEL GSM wireless users were now viewed as "customers" rather than as 'subscribers'.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management (CRM) systems are a relatively new genre of computer based applications where the concern is to improve the selling and revenue generation processes of organizations (Corner, 2002). The aim of CRM is to improve the total customer satisfaction experience with the emphasis firmly on Total Customer Satisfaction (TCS). Thus, CRM systems are regarded as "front – office" systems since they are concerned with the relationship of the organization with its sources of revenue, that is, the customers (Corner, 2002). One of the aims of companies considering CRM is improving the quality and quantity of their customer information. CRM systems are seen to provide support for the provision of a service to customer as optimization of a function within an organization (Gronroos and Powell, 2000). There are a number of studies which suggest that performance improved with CRM implementation (Dondourva, 2003). There is a body of work concerned with issues surrounding the implementation and effectiveness of information communication technology systems in general (Groodman, 1997; Mathieson and Keil, 1988; Taylor-Cummings, 1988). A recent

report on information System implementation in the Western World argues for the formalization of an intuitionistic theory of CRM implementation (Mzrble, 2000). Corner and Hinton, (2002) suggested that a unified view of information system literature and such a view only needs recognition and extraction.

One of the most important key pointers to success of CRM Initiative is the top management team involvement and commitment. Price and WaterHouse (1995) stated that the major issues concerning top team management were integrating information communication technology system with corporate objectives, transformation through information technology, managing uncertainly and effective cost control system.

Strategies such CRM are very ambitious and often require a fundamental change in company culture. Corporate culture, the shared beliefs, values and norms of a group, are described as basic values, behavioural codes, perceptions, myths and legends, heroes and heroines and emblems and rituals (Borgaltic, 1997); or innovation and risk-taking; attention to detail; outcome orientation; people orientation, team orientation; aggressiveness and stability (Bento, 1997). Hewson and Hewson suggest that corporate culture plays a large part in the dynamics surrounding sales, marketing and customer service systems than in any other part of an organization. Corner and Hinton (2002) noted also that there are probably subjective issues that are influenced by corporate culture that will have an impact on the perceived success of a CRM system.

Research has shown that integrating customer data into customer relationship management strategy will enhance customers' network accessibility (Abbot, et al, 2002). Martin (1995) suggests that information technology have become increasingly entangled with business and it is the responsibility of the Chief Executive Officer (CEO) to recognize and implement it. Rockart, (1995) argues that the CEO must incorporate the capabilities of ICT into his theory of the business. Batchelder, (1995) is equally certain that information system or information technology system or information technology network is so embedded within the operation of an organization and so fundamentally essential as an enabler of change that it should be a significant consideration for all CEOs. Peppered, (1988) viewed information system or information technology issues in the context of a global enterprise and argues that they are of fundamental concern to the management of global organizations and are not just technological issues concerned with communication networks and shown that there is a requirement for consensus over the effectiveness of IS/IT as causality of improved customer services (Ballentine and Stray (1988); Fitzgerald (1998).

In the literature, customer relationship management implementation has been associated with profitability and total customer satisfaction (Chen and Povich, 2003), consumerism customer loyalty. CRM is positively related to customer retention and repeat purchase (Crosby 2002). Besides, customers centric satisfaction have been positively associated with quick return on investment, continuous improvement and financial breakthrough (Gosby 2002).

Top management team commitment to CRM implantation has been associated with increase in the number of new profitable customers and repeat purchase of product and services by the existing customers (Crosby, 2002). However, it is recognized by Crosby, (2002) that the overall dynamic and technology of the CRM leading to effective profitable customer satisfactory experience and customer retention are reasonably germane. Also most case studies available indicated that repeat purchase and effective

demand for a company's product or services by profitable customers increases as a result of CRM innovation (Corner and Hinton 2002). Thus, the following hypotheses will be tested.

H₁ Management team commitment will have a positive association with total customer satisfaction experience.

H₂ Network accessibility will have a positive association with total customer satisfaction experience.

H₃ Network accessibility will have a positive association with total customer satisfaction experience.

METHOD

STUDY SAMPLE

Data for this study were collected from a randomly selected 300 working class Nigerians living in Enugu, Onitsha, Awka and Abakaliki metropolitan urban cities in the South Eastern geo-Political zone. 200 participants completed useable Questionnaire. Thus the response rate of 66.7% was recorded. Of these participants, 100 (50%) were NITEL's profitable customers (active subscribers), that is, individuals that own NITEL mobile phones and digital phone lines); while 100 (50%) were NITEL's none-profitable customers (potential but passive subscribers), that is, individuals with digital phone lines only. The occupational classification of the participants indicated that 50 (25%) were Directors of Corporate Firms, 50 (25%) were educationalists who were Directors of Academic Units, Heads of Departments, and Principals of Secondary Schools. Also, 50 (25%) were Bank Managers, another 25 (12.5%) were Directors in State owned Ministries; 25 (12.5%) were Directors in Federally – owned Ministries. Educationally, there were 100 (50%) graduates, 50 (25%) post graduates; and 50 (25%) highly educated (PhD. M. Phil) workers. In addition, 180 (90%) of them were Christians while 10 (5%) were Muslims and 10 (5%) were traditional African religionists. The age range of the sample was between 28 years and 54 years with a mean age of 47.23 years for men, 43.42 years for females; while 45 years were for both gender and overall standard deviation of 10.09 years. Data were individually collected from the selected participants.

MEASURES

The relations between CRM initiatives as predicator variable and customers centric behaviour outcomes were examined using primary objective measures. The predicator variable of CRM initiative was measured using three related instrument: Top management Team Commitment (Choi and Bebbling 1997); Customer Relationship Quality (CRQ) (Nnedum, 2004b); and Customer Centric Behaviour (CCB, Number, 2004c).

The CRM questionnaire used consisted of eight statements with which respondents were asked to indicate agreement or disagreement on a scale that range from 1 (disagree strongly) to 7 (agree strongly) with a midpoint of 4 (neutral). The management team commitment were measured using a two item measure of management team commitment developed by Choi and Bebbling, (1997). In this study, the Cronbach alpha measure of internal consistency alpha and two weeks test-retest reliability were $\alpha = 0.88$ and $r = 0.99$ respectively.

Information communication Technology Systems Network Accessibility has two item, coefficient alpha $\alpha = 0.81$ and two weeks test-retest reliability or $r = 0.91$. corporate culture has two item and coefficient alpha $\alpha = 0.92$ and two weeks test-retest reliability $r = 0.87$. The latter two measures were taken from Customer Relationship Quality (CRQ); Nnedum (2004b).

The criterion measure of Customer Centric Behaviour: total customer Experience was examined using Nnedum (2004c) Customer Centric Behaviour (CCB) Questionnaire. The instrument has nine subscales and contains eighteen items scored on a seven-point response scheme ranging from 1 (disagree strongly) to 7 (agree strongly). The total customer experience subscales had been reported to be reliable and valid (Nnedum, 2004c).

In the present study, the Cronbach alpha measure of internal consistency and two weeks test-retest reliability for the subscales of total customer experience two items, were alpha coefficient $\alpha = 0.84$, and $r = 0.85$ respectively. Only the total customer experience subscales were employed for the study. The item scores were averaged to form a composite measure of overall total satisfaction experience index.

PROCEDURE

The researcher randomly selected five metropolitan urban cities of Onitsha, Enugu, and Abakaliki in the South Eastern geo-political zone of Nigeria. Onitsha is commercial city in Anambra state; Enugu is an administrative urban city in Enugu state and Abakaliki is a commercial urban administrative center in Ebonyi state.

Five doctoral graduate students of psychology was recruited as research assistants to assist the researchers who organized a one-day workshop for the research assistants. The workshop focused on how to administer the scales and how to break the silence of participants, such as to get informed constant from participants and assure the participants of the confidentiality of their responses. The research assistants were taught how to randomly select study samples from major township areas in the selected three urban cities; and the need to forge friendship with uninformed participants to avoid suspicion which could adversely affect their response set.

Before administration, adult Nigerians in the selected sample areas were first informed of the purpose of the research and were allowed to ask questions. Confidentiality and anonymity were explained by the research assistants, and those who were not comfortable participating were excluded or excused. The completed questionnaires were collected the very same day they were distributed as participants took an average of one hour to complete them. Incidentally, this survey was carried out one year after the recent divestiture and privatization of NITEL Plc. Participants who were interested in the topic of study were given thirty more minutes to talk about their experiences as NITEL subscribers. Their explanations were qualitatively synthesized and presented as background information.

RESULTS:

Descriptive statistics and inter-correlations were used to evaluate the CRM measures. Next, separate regression analyses were computed for the criterion CCB outcome. Standardized regression weights; corresponding to values, total R^2 , change in

R² values and “B” beta weight were reported. Qualitative analysis of data from NITEL subscribers were provided as background information. All analyses were performed using SPSS windows version 11.0.

TABLE 1

Descriptive statistics and correlations among study variables

Study Variables		M	SD	1	2	3	4
1	Management team commitment	4.62	1.90	1			
2	IT system Network accessibility	3.71	1.72	0.87	1		
3	Corporate culture	3.44	1.75	0.86	0.95	1	
4	Total customer satisfaction experience	5.42	1.82	0.80	0.92	0.84	1

The result from the (table 1) inter-correlation analysis shows correlations ranging from 0.95 to 0.80. In addition, significantly very high and high positive to very high positive correlations were found between predictor variables and criterion outcome. Further examination of the predictor variable dimension’s inter-correlations suggested that they relate significantly to same CRM generic domain. The mean score on the CRM scale are in Table 1 in which Top management team (CEO) commitment had the highest mean score (M4.62, SD 1.90) and corporate culture had the lowest mean score (M = 3.44, SD = 1.75).

CRM DIMENSIONS AS PREDICTORS OF CUSTOMER CENTRIC BEHAVIOUR

A multiple regression analysis was used to test whether the following CRM dimensions were significant predictor of Customer Centric Behaviour among the participants: management team commitment, information communication technology system network accessibility, and corporate culture. Using the above factors as the independent variables and the total customer satisfaction experience as the dependent variable, the regression analysis indicate that network accessibility and corporate culture were positive and significantly associated with the Customer Centric Behaviour outcome: customer total satisfaction experience (for top management: Beta = .80, P< .001; for information technology system network accessibility: Beta = .92, P< .001; for corporate culture: Beta = .84, P< .001).

The CRM dimensions had a linear relation with CCB outcome. Thus, the higher the emphasis on customer relationship management strategies the more the likelihood of total centric satisfaction the customers would experience. The CRM is, in this study, a strong predictor of customer centric behaviour.

DISCUSSION

Top management commitment to CRM strategic initiative was significantly related to total customer satisfaction experience. It is plausible that Team management commitment to implementation of a CRM strategy will strongly influence the total customer satisfaction experience. The result is in line with Law, Lau and Wong’s findings (2003) among Hong Kong population, Crosby’s findings (2002) among American population as well as Dodourova’s findings among British population as

companies that implemented CRM initiatives were profits characterized by more repeat purchases; more new customers; high rate of return on investment, more profitable customers, has great opportunity for growth, experience high customer retention and decreased customer defection cognition (Chen and Poich, 2003; Law, Lau and Wong, 2003). It is interesting to note that the above result based on adults in predominantly urban cities in Nigeria is dissimilar to that obtained by Onwumechili and Okereke Arungwa (2003) from their study of adult populations in urban cities of Port-Harcourt, Enugu, Yola and Lagos in Nigeria. one plausible reason for this variation may be found in the timing of the two researches on CRM. The study of Onwumechili, et al (2003) was done at the nipe of NITEL's transitory processes; while the current study was carried out at a time of total private ownership and control of NITEL plc.

The present findings are also in line with the view that corporate culture may contribute to Customer Centric Behaviour, as well as total customer satisfaction experience as suggested by Corner and Hinton (2002); Marble (2000); Calhoun (2001); Abbott, Stone & Buttle (2002); Crosby (2002). Dodourova, (2003). However in this study, information communication technology system network accessibility is positively related to total customer satisfaction experience. According, to Law, Lau and Wong, (2003) theory co-creative relationship. The above result implies that information technology extends a technological tool specifically designed for one- to -one customer communications. This one- to – one customer communication accordingly suggests that a company's touch point can include Internets, e-mail sales, direct mail, telemarketing operations, call centers, advertising, stores and sand kiosks; creating a single and comprehensive view of customer while predicting their purchasing patterns, allows companies to easily identify the best customers and focus marketing efforts ;and rewards those who are more likely to buy often. This view was also shared by kotorov (2003). Overall, the three hypotheses were confirmed. The above finding suggests that corporate implementation Of CRM initiative would significantly enhance total customer satisfaction experience.

CONCLUSION AND RECOMMENDATIONS

It is apparent that the implementation of **CRM** initiative predicts total customer experience. Thus, the present study recommends the involvement of all customers, internal as well as external, in monitoring the implementation and progress of **CRM** initiative. It is plausible that the implementation of a CRM initiative has desirable consequences for organization wide improvement in total customer satisfaction experience and profit.

In Nigeria, organizations that have experienced corporate failures(Nnedum,2001) or corporate exit may implement a CRM initiative as a quick fix for corporate revival of ailing organization.

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