

# Customer Relationship Management and Organizational Performance in Malaysian Healthcare Industry

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## ABSTRACT

The healthcare industry in various countries around the world is in different stages of their organizational performance. The importance of CRM practices in the achievement of organizational performance has been highlighted in many studies. The purposes of this study are to propose Customer Relationship Management (CRM) and Organizational Performance (OP) model for Malaysian healthcare industry. As a review, these researchers are to investigate what does CRM contributes to OP in Malaysian healthcare industry. Based on the proposed conceptual model, research hypothesis is being developed. The research concludes with suggested future research work.

**Keywords :** Customer Relationship Management, Organizational Performance, Top management, Patient satisfaction.

## 1 INTRODUCTION

NOWADAYS, because of increasingly intense in business world even in healthcare industry, competitors ought to give the best services for their customers. Malaysian healthcare industry generally operates a two-tier healthcare system consisting of both government and private healthcare system. Public sector more focused to reduce the society's cost meanwhile for the private healthcare sector more to emphasize customer relationship, customer satisfaction, profit and services. Competition between private parties involved in healthcare industry mainly focused to satisfy the need of their patients. Therefore, tight competitions in healthcare industry only exist in private healthcare sector.

Elleuch [1] said the healthcare sector is still developing and has a tendency to over-regulate it, so the healthcare providers itself should introduce the new strategy to attract their customer. In relation to that, Customer Relationship Management (CRM) is viewed as one strategy for them to monitor and maintain a good relationship with customer and how it will impact the organizational performance. Besides that, CRM can be used as management practice and helped top management to give the best service to customer. Hence, Organizational Performance (OP) is a measure and benchmark for organization to achieve their goal and objective. From healthcare industry perspective, organization's goal achieved through patient satisfaction and employee satisfaction.

This paper focused about the relationship between CRM and OP. The purposes of this study; 1) to identify the CRM constructs and OP measures for Malaysian healthcare industry and 2) to develop research model of the CRM constructs and OP measures for Malaysian healthcare industry. There are

three domains of CRM which are top management, information technology, and organizational culture.

These papers review the literature on CRM and OP as well as the research hypothesis. Next, brief the research methodology and measurement of constructs instrument. As to conclude the research, conclusion future agenda is made at the end of this section.

## 2 LITERATURE REVIEW

The practice of CRM is also known by other terms such as relationship marketing and global account management, Bohling et al. [2]. The review of literature revealed that CRM has been studied and used in many service organizations like healthcare industry, library, hotel and banking.

### 2.1 Customer Relationship Management

CRM in Healthcare industry is viewed on how the organizations offer the best services for patients and to retain a good relationship with them. Levine [3] stated CRM is the utilisation of customer related information or knowledge to deliver relevant products or services to customers. In line with this, Ginger and Nancy, [4]; Ngai, [5] argued that CRM is important healthcare practices in order to make better patient information and effective management communicate between organization and customer. Recently, CRM strategy is used by many organizations for managing interactions with profitable customers. This is supported by Chahal [7] that said CRM will ultimately impacts overall organization performance. Jones, Mothersbaugh and Beatty [8] stated that once customers satisfy with the service perform by the organization, customer rela-

tionship is manageable.

Although CRM has become widely recognized as an important business strategy, there is no universally accepted definition of CRM [9], [10], [11], [12]. Therefore, CRM can be viewed as a strategy for organization to improve their performance by maintaining a long-term relationship with customers.

Previously, there are several key factors that successfully support the implementations of CRM by organizations. For example, Chen and Popovich [13]; Arab et al. [14] report that integration of people, technology and process are the root factors that contribute to the successful CRM in business. Table 1 below showed the summary of success factors in CRM implementation found by previous researchers.

**TABLE 1**  
 SUMMARY OF SUCCESS FACTORS IN CRM IMPLEMENTATION

	Top management support	Technology	Organizational culture	Customer involvement
Almotaيري, M. [15]	*			*
Vargo and Lusch [16]		*		
Jutla, Craig, and Boderik [17]	*		*	
Selland [18]		*		
Harej and Horvat. [19]	*			
Pan, Ryu, and Baik [20]				*
Buttle [21]	*	*	*	
Siriprasoetsin, Tuamsuk, and Vongprasert [22]		*	*	

As concluded from the table 1, the factors that will strongly lead to the success of CRM's implementation are top management support, technology and organization culture. However, if organization failed to use this strategy effectively, unsuccessful CRM implementation will happen. Bull [23] discussed after implementing CRM system, problems began to occur at the operational and analytical level where company failed to use the system significantly of the need for system integration and to target customers. Even though CRM is widely-implemented and used by many organizations such as in healthcare industry, hotel, banking institution, library and airline services, unsuccessful CRM will lead to poor performance by the organizations. Richards and Jones [24] found that unsuccessful of CRM may lead to decrease in customer satisfaction and customer loyalty. As a result from this, organization should appreciate the significant of using CRM by utilize the success factor of CRM's implementation. Table 2 below showed construct definitions of CRM success factors.

**TABLE 2**  
 CONSTRUCT DEFINITIONS

Construct	Definitions
Top management	Siriprasoetsin, Tuamsuk, and Vongprasert [22] suggests administrators should have leadership and able to lead the organization by establishing the vision and efficiently introducing CRM, which means they are responsible to develop CRM strategies, and provides CRM support mechanisms such as time, working environment, technology, and resources.
Information Technology	Information Technology (IT) refers to a system for acquiring and managing valuable data from customers [14].
Organizational Culture	Origin of organizational culture is accumulated from beliefs, expectations, attitudes, and common value of the members involved in organization [22].

**2.1.1 Top Management**

Top management is really important in organization management system. Besides that, the processes of customer management are the most important factors supporting the introduction of CRM in organizations. Top management should have more knowledge about CRM to ensure that CRM will be implemented successfully. This also supported by Osarenkhoe and Bennani [25] that Implementing CRM strategy requires commitment from top management, and endorsed by mandatory customer loyalty training programmes for all employees.

Besides that, Combe [26] proposes administrators should be able to remove or prevent any problems that will affect the organization from reaching their goals. By focusing on CRM processes, managers can ensure the effective deployment of organizational resources toward the creation of desired outcome. For example, study by [11] discovered that CRM success is highly depends on a process management orientation.

### 2.1.2 Information Technology

Technology means computing capabilities that allow the organization to collect, organize, save, and use data about its customer. Technology is one of the key factors in implementing CRM process. Peppard [27] suggests that technological advances currently showing ability and growth in e-business and CRM. The success key elements for CRM implementations have been described in many previous publications. For example, Mendoza [28] developed a model based on critical success factors (CSFs) that will constitute a guide for companies in the implementation and diagnosis of a CRM strategy. Such as marketing, sales, services, related aspects to the client, organizational aspects, information systems (IS), and software for CRM, Sales Force Automation (SFA), data warehouse and data mining, help desk, internet influence, coordinating the CRM implementation.

### 2.1.3 Organizational Culture

Each organization has its own culture and this culture will lead the organization's performance. CRM requires changes to an organizational culture and structure (Chen and Popovich [13]; Sin, Tse, and Yim [12]). Providers should emphasize cultural values such as courtesy, empathy and harmony when delivering medical service to improve patient satisfaction [1]. Meanwhile, Siriprasoetsin, Tuamsuk, and Vongprasert [22] identified that organizational culture and communication are the most difficult factors to overcome since the providers and staff involves need to change attitudes and encourage themselves to accept new concepts in CRM. Hence, CRM is a complex strategy that needs the building of a working culture, agreement for cooperation of every single people in the organization. Table 3 below showed the summary of research finding on CRM study.

TABLE 3  
THE SUMMARY OF CRITICAL SUCCESS FACTORS OF CRM

Author	Scope	Finding
Chahal and Kumari [29]	Customer perception based on interaction quality and physical environment quality	CRM dynamics as interaction quality and physical environment quality have a significant impact on customer satisfaction and customer loyalty.
Siriprasoetsin, Tuamsuk, and Vongprasert [22]	Factors affecting CRM practices in Thai academic libraries	The knowledge and understanding of CRM of library staff and leadership of library administrators which include the

		perception and awareness of service quality focusing on customer relationship is a key to library success.
Arab et al. [14]	Summary of success factors for CRM	Twenty success factors were found and can be concluded as three main factors which are process, human and technology.
Bull [23]	CRM implementation at a UK- based manufacturing company	Implementing CRM requires effective leadership, sourcing, targeting and evaluation strategies.
Osarenkhoe and Ben-nani [25]	5 dimensions of relationship management strategy implemented which are structure, staff, systems, schemes, and style.	Implementing CRM strategy requires commitment from top management, and endorsed by mandatory customer loyalty training programmes for all employees.

## 2.2 Organizational Performance

In this paper, organizational performance (OP) measure will focused on customer satisfaction and employee satisfaction. Organization needs to design the process well and systematically monitor, analyse, and improve its performance to improve patient outcomes. As one of the initiatives, CRM is a good choice to manage their customer and organization's performance. Chahal [7] stated that one of the CRM's objectives is to retain and maintain the customers, giving the best and when customers satisfy with the quality offered by management, it will enhance the organization's performance. Apart from that, the effective interactions between top management, providers and patients will improve organizational performance through patients' satisfaction and employees' satisfaction.

### 2.2.1 Patients Satisfaction

In healthcare industry, patients' satisfaction refers to customer's respond or perception about service or product they used or consumed. Elleuch [1] stipulated satisfaction is a positive respond from customer when they receive healthcare services and appear to have more confidence in their healthcare providers based on past experiences. Besides, Torres and Guo [30] identified that patients usually prefer to believe in their providers, so organizations need to ensure that their patients satisfy with the treatment given. This is because patients' satisfaction will affect the performance of the organization.

Achieving customer satisfaction can be viewed as one of the organization's performance target. If customers satisfy with the service offer by organization, it will bring customer's

loyalty to use the service or product again in future. Youssef [31] said great performance can encourage customers to come again to get the services and recommend the services to others. Organization should offer their best in delivering and providing the service. As in hospital, they should prepare various hospital facets such as technical, functional, infrastructure, interaction and atmosphere to the fullest to bring the customer satisfaction Zineldine [32]. Thus, satisfaction or dissatisfaction of service is up to the customers since they are the person receiving the service and it's indeed subject to cultural and personal issues [1].

### 2.2.2 Employees Satisfaction

Employees are main factor that will ensure the company to achieve their objective and goals. Employees' satisfaction is a term used to describe whether employees are happy or not in their job and fulfil their needs at job. In healthcare services, providers tend to satisfy easily if their patients are satisfied. This supported by Press [33] that high satisfaction of employees, high quality of care, improved financial health, strengthened competitive position, and better risk management will lead in increasing patient satisfaction.

## 3 HYPOTHESIS

In globalization era, CRM plays a significant role in healthcare industry because in industry, organization needs a strategy to retain and provide the best for customer [23]. Tarokh and Ghahremanloo [34] explored that CRM could help the organizations in making higher organizational performance and maximizing the use of every customer. Rababah, Mohd, and Ibrahim [35] said that at present, organizations had to shift their strategy from product centric to customer centric. In relation to that, healthcare providers should treat different customer with various ways so that both of party involved can get the benefits, organization gets the profit and customer satisfied. A strategic approach proposes that with enough resources and able to maintain a good relationship with customer, organization can emphasize their excellent performance [36].

To understand the relationship of each CRM on OP in Malaysia healthcare industry, the following hypothesis was set up to be tested. According to literature review above, this hypothesis will be stated based on a numbering system from  $H_1$ . This style of hypothesis statement is chosen due to the nature of answering hypothesis using structural equation modelling methods.

$H_1$ : There is a positive and direct significant relationship between CRM implementation and OP in Malaysia healthcare industry.

## 4 RESEARCH METHODOLOGY

Sampling method is used in this study by using structured questionnaire. The population of this study comprised in Malaysian healthcare industry. Questionnaires will distrib-

ute to healthcare's manager in Malaysian healthcare industry. To analyse the data, two statistical techniques were adopted.

A Structural Equation Modelling (SEM) technique was utilised to perform the required statistical analysis of the data from the survey. Exploratory factor analysis, reliability analysis and confirmatory factor analysis to test for construct validity, reliability, and measurements loading were performed. Having analysed the measurement model, the structural model was then tested and confirmed.

The statistical package for the Social Sciences (SPSS) version 17 was used to analyse the preliminary data and provide descriptive analysis about thesis sample such as means, standard deviations, and frequencies. SEM using AMOS 6.0 will be as a guide to test the measurement model.

## 5 A PROPOSED RESEARCH MODEL

Based on literature review, previous studies did explore about CRM and OP. This research aims in finding the relationship between CRM and OP in Malaysian healthcare industries. The model below is called proposed research model as presented in Figure 1.

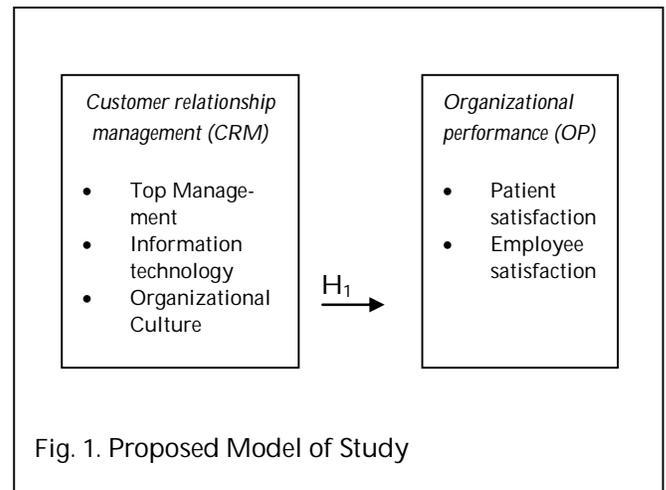


Fig. 1. Proposed Model of Study

## 6 CONCLUSIONS

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. Commonly, CRM strategy can be shown to improve profitability, then the organization is obviously on the right path and succeeding [23]. This is because, to satisfy healthcare service consumers, providers should emphasize efficiency and courtesy, be responsive and willing to help, impart confidence and trust from patient. Satisfaction can be important for maintaining long-term relationships, having a significant impact on the intention to return and willingness to recommend.

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