A CULTURAL APPROACH TO STUDY CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEMS

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Abstract
As this paper takes new approach to defining and studying CRM, it defines CRM as a business strategy that seamlessly integrates every aspect of business that touches customer. Going through CRM literature, the authors notice that, there are different objectives for CRM systems i.e. retains customers for long, increase sales to existing customers and candidate customers, and others. Over the last decade there has been a dramatic growth in the acquisition of Customer Relationship Management (CRM) Systems. However more recently, there has been an increase in reported CRM failures, suggesting that the implementation issues are not just technical, but encompass wider behavior and cultural factors. Multinational organization is faced by that problem, how they build a relationship with different customer in different culture contexts. The literature on culture provides a set of general concepts and ideas as a way of looking at the world. However, the typologies of culture have inherent weaknesses e.g. they do not reflect the variety of values and attitude that may exist in a country, nor do they explain how cultures have developed over time. These limitations will need to be borne in mind, as we consider potential culture impact on the use of information systems, particularly customer relationship management systems. The authors try to highlight the interaction between cultures in macro and micro level in the context of CRM systems. The authors conclude that social and cultural issues of the main area related to studying of CRM.

Keywords: *CRM, Individual Culture, Organizational Culture, Micro Culture, National Cultural, Macro Culture.*

1-Introduction
Customer relationship management (CRM) strategies have gained momentum in recent years. Understanding and responding to customer needs and improving customer service have become important elements of corporate strategy. IT based CRM applications are being used by companies to support corporate strategies. The market for CRM applications totaled $ 11.2 billion in 2002 and expected to reach $ 20.6 billion by 2007 (Forrester.com). El Sway and Bowles (1997) and Cooper et al. (2000) provide in-depth reviews of how companies were able to leverage customer facing IT based systems to increase customer satisfaction and subsequently firm performance.

Although Customer Relationship Management (CRM) is a recent concept, its tenets have been around for some time (;). Neighborhood shop owners knew customers by name and built close relationships with them. Over the years, through mass marketing and increased consumerism, customers traded relationships for anonymity, reduced variety and lower prices (;). Today, through effective use of information and communications technology, such a tradeoff is not necessary. Organizations can offer customers variety, lower prices and personalized service and all at the same time (Peppard 2000; Sathish et al. 2002)

However, researchers have difficulty in defining CRM and mapping out how to implement it (Sathish et al. 2002). The main problem is that CRM means different things to different people . As this paper takes new approach to defining and studying CRM, it defines CRM as a business strategy that seamlessly integrates every aspect of business that touches customer. (Sathish et al. 2002) This paper will highlight the different sources to study CRM.

However, the performance impacts of CRM applications to date have been mixed. Anecdotal evidence suggests that between 30 to 75 percent of CRM initiatives fail because organizations roll them out without assessing their cultural readiness and considering CRM applications to be the end of customer centric approach (Simpson, 2002). Thus, a systematic analysis of cultural factors that contribute towards successful implementation of CRM system projects is required.

Culture is frequently named as a determinant of usability of computers. That means that the culture from which a developer, programmer, or user stems makes a difference regarding whether he/she is willing or able to use a certain technology. Culture and its relation with IS to be discussed in section 2.

In this paper the authors try to highlight the interaction between cultures in macro and micro level in the context of CRM systems. Macro level, here it is necessary to consider the differences at a national level. The differentiating characteristics will include: organizational structures, function and process oriented views, supervisory control mechanisms etc. Micro level, here the considerations will be at the individual level and will include human responses to organizational change, cultural acceptability of different organizational structures etc. Also, individual level of culture will be mention as a third level of culture which would effect CRM systems , that will be discussed in section 3

Stahl, (2003) has proposed the question of "Up to what point do different cultures diverge and what, if anything, do they have in common?" This question is of interest to CRM systems implementations because an answer would inform us of what analysts and designers of CRM systems can take for granted independent of their target culture and what parts of the systems would have to be customized or even reconceptualized, this will be discussed in section 4, and last section of this paper will summarize the conceptual framework.

2-**Culture and IS**

The literature on culture provides a set of general concepts and ideas as a way of looking at the world. However, the typologies of culture have inherent weaknesses e.g. they do not reflect the variety of values and attitude that may exist in a country, nor do they explain how cultures have developed over time. These limitations will need to be borne in mind, as we consider potential culture impact on the use of information systems, particularly customer relationship management systems.

In the review of the many definitions of the concept of culture, concludes that most authors agree on the following characteristics:
- culture is not a characteristic of individuals, but of the collection of individuals who share common values, beliefs, ideas etc. these collections may include family, occupational, regional or national groups;
- culture is learned. People learn the culture of a group when they become a member;
- culture has a historical dimension. A particular nation's culture develops over time and is partly the product of that nation's history, its demographic and economic development, its geography and its ecological environment.
- Culture has different layers. Hofstede (1991) distinguishes four different layers of culture i.e. symbols, heroes, rituals and values

Some studies have done to compare organizational structures of manufacturing sites that were similar in size and technology use to discover the differences that inherited from culture differences

have proposed six dimensions of cultural diversity, with the first being: Universalism – Particularism. In their view, Universalism – Particulism elucidates the two contrasting strategies of developing core competence and getting close to the customer.

stated that studies on culture and IT adoption can be divided in two parts:
- The effect of national culture on IT and,
- The effect of organizational culture on IT

For the purposes of this paper there are three dimensions of culture that are of relevance. One is the culture that a society shares, which customers of CRM are part of. Second, is culture on a smaller level, namely organizational culture which senior managers, marketing managers, developers of CRM sales representatives are part of. Third, is individual level of culture provided by , when investigating the effects of national culture on individual behavior, like technology acceptance.

Individual, Organizational and National Culture
According to ISWORLD net page on global technology (http://www.american.edu/MOGIT/git/aboutbib.htm), the cross-cultural nature of information systems can be studied in terms of (1) the impact of constant information on people of different cultures; (2) the differences in information sought and used by people of different cultures, and (3) the mechanisms for developing information systems to be developed and/or used by people of different cultures.

As mention, there is a need to exploit the power of IT to communicate among geographically dispread nations. Managers need to learn about cross-cultural adoption

and use of IT in order to be able to adopt IT successfully. mention that culture may impede IT implementation efforts because the differences in the way its are interpreted and given meaning. while studying the cross-cultural adoption of GSS systems observed that culture would shape the adoption of technology. and mention in their cross-national studies of IT implementations that national culture impacts information system design in myriads of way.

A few empirical studies have investigated the relationship between national culture and IT adoption , have found that the technology adoption model (TAM) could not predict technology use across all cultures.

and have defined national culture as a set of core values that shapes the behavior of individuals as well as the whole society.

According to Hofstede, culture is equivalent to the collective mental programming of a group, tribe, minority, or a nation. It is the aggregate of individual personality traits. Hofstede developed an empirically based typology of cultural attributes by analyzing data obtained from surveys conducted among individuals in 53 nations in 1968 and 1972. since all 116000 respondents were employees of the same firm, the IBM, Hofstede was able to hold constant the influence of corporate culture. Based on the data obtained, he classified countries along four dimensions: power distance, uncertainty, individualism/collectivism, and masculine/feminine. Hofstede rated each of the 53 countries in his study by there cultural dimensions , and

argued that the constructs of Hofstede (2001) are measured at the national level, which cannot be used in individual models of behavior or technology acceptance.

As globalization of business and systems continues, there is a need for additional study on the cross-cultural adoption and use of IT. Further, it is important to consider cultural dimensions specifically when testing IS research models. This involves making theoretical connections between the IS research model and National culture and testing those relationships with appropriate measures of culture. (McCoy, 2003)

The bulk of IS research in multiple countries can be labeled "comparative" research. These studies have compared systems used in different countries to discover similarities and differences. The few that did introduce culture at more than a cursory level used country scores to explain the differences. Hofstede's dimensions of culture are often chosen because they are the most widely cited and used. (McCoy, 2003)
Given the number of years that have elapsed since Hofstede's work, it might not be appropriate to assume that the cultural scores of Hofstede still hold after over three decades. Further, it might not be appropriate to assume that the culture score of the entire country under investigation is the same as the score of the people within their sample; individuals might have drastically different cultural outlooks, even within the same country. The use of one company in data collection has been the focus of most criticism of Hofstede's country scores. (McCoy, 2003)

Hofstede specifies that the original instrument (1980) cannot be used to test individual level relationships, and should be used only at the national level

It is important to look at national culture from a trait-based approach. In other words, because people from the same country can score differently on the cultural dimensions of Hofstede's work (1980), it is important to look at the effects of their scores and not only the country of origin. (McCoy, 2003)

The problem with Hofstede's measures is that you cannot distinguish between people in the sample, but you can only aggregate to the group. This also marked it difficult to test cultural dimensions within individual level adoption models, like the TAM model. Because some dimensions can influence the relationships in different ways, researchers need to use individual level measures of culture. (McCoy, 2003)

McCoy (2003) stated that when investigating the effects of national culture on individual behavior, like technology acceptance, we should use individual level of culture provided by .

stated that cultural frequently named as a determinant of usability of computers. That means that the culture from which the developer, programmer, or user stems makes a difference regarding weather she is willing or able to use a certain technology.

and defined that culture at the macro level as the quintessence of the physical resources and perceptions, of the physical and mental techniques, which allow a society to persist. Culture thus consists of fact, artifacts institutions, etc. but its most important function is that of a reservoir of shared interpretations and collective experiences

defined corporate culture (micro level) as commonly shared values, which direct the actions of the employees towards the common purpose of the enterprise. Corporate or organizational culture fulfils the same role in an organization that culture fulfils in society. It defines what is real, what is important, and thus how one should act. This has led to an extensive use of the term as a vehicle of business ethics.

Stahl (2003) distinguished between two different proponents. The proponents of particularity of culture on one side believe that different cultures are fundamentally and possibly irreconcilable different, whereas the proponents of universality believe that all cultures share some universal attributes. These two ideal-typical positions appear in reality in different shades of gray. He has concluded that, despite obvious difference in cultures, there are similarities that are based on human nature.

Culture in the sense of a meaning-constituting horizon of the collective life-world determines the perception and use of IT. This is also true for the organizational level where culture can influence weather employees are able and willing to use certain technologies. It is also true on social level where currently based perceptions have some bearing on the use of IT. A national culture that emphasizes sharing and the collective, for example, will lead to different uses of IT than one that emphasizes the individual and competition ;

Cultural Universality versus Particularity

argued that the Internet is not only seems to be cultural independent but may even producing a new universal worldwide culture.

and argued that the homogeneity of technology use is not based on cultural universals but instead on cultural imperialism.

A Habermasian View of Culture is based on theory of communicative action, which holds that our reality is shaped by discourses. These discourses consist of arguments concerning contentious validity claims. Every speech act contains at least three validity claims, namely truth, legitimacy, and authenticity. Whenever the claims of a speech act are doubted the affected parties are called upon to clarify them in a discourse. Discourses are acts of communication that are characterized by the fact that they emulate the ideal discourse in which there would be no distortions due to power differences, different abilities etc. and where only better argument would count. The result of such discourses would be a consensus about the validity claims which then constitute part of the life-word.

It means that discourses constitute culture, which they are the resource that produces the collective knowledge, values and perceptions that defined as culture. In Habermas theory there is a close relationship between culture, society, and person . In this framework it is not problematic to concede that there are different cultures that affect our use of technology. Different people have different life-worlds and different cultures can develop according to different perceptions. However, there are universals combining these particularities and that constitute cultural universals. The first universal is that all humans have a culture and that culture is a constitutive part of personality. Second, the way a culture is formed by discourse is universal. While discourses deal with different matters, their structures and the fact that they are built upon validity claims is universal.
  argued that there are cultural universals that are based on the anthropological constant of communication and the universality of validity claims.

CRM Network Model
 have suggested that CRM study should be approached as a study of five topics: marketing and sales, project implementation and management, e-business, knowledge management and supply chain management, each of which is established in its own right. Taken these topics together, these five sub-topics form the Customer Relationship Management (CRM) Network.

 have proposed that, one-to –one marketing, building close relationship with the customers and good management of customer information are the key components in marketing and sales trend. Within project implementation and management trend Sathish et al. (2002) have proposed risk management, adapt to survive, corporate-wide customer-focus, organizational culture and standards of measurements as the key components. For e-business trend have proposed two main categories Intranet as a technology to re-engineer internal business process and Internet as a two-way channels with global marketplaces. Knowledge management is showed to be an essential element for successful relationship marketing have proposed sharing of organizational knowledge, and IT investments as the key components. Last but not

least, Sathish et al. (2002) has concluded that business re-engineering, value systems integration and IT investments are the key components.

By taking into analysis of CRM cultural factors the authors modify the Customer Relationship Management (CRM) Network done by , see figure 1.
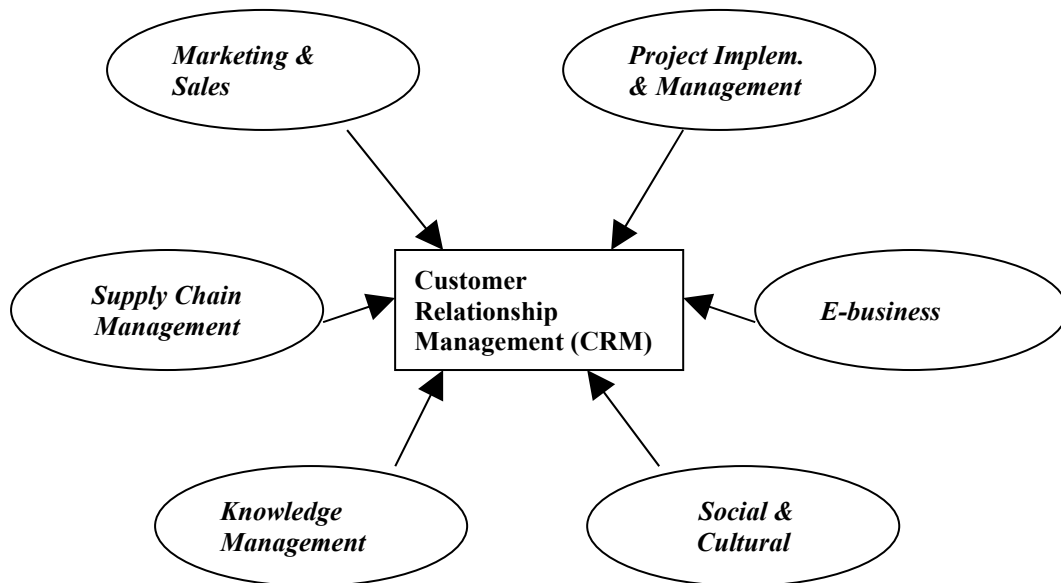

Figure 1. The Customer Relationship Management (CRM) Network (Modified)

The authors remain the same model as have developed, but adding to it the social and cultural trend. Authors argue that there a lot of literature that discusses the objectives for CRM systems i.e. retains customers for long, increase sales to existing customers and candidate customers, increase cross selling and others. But, as planed when customer relationship management systems have been invented it was invented as strategic plan to build a relationship with customer. To build a relationship with customer is a complex objective to achieve. The most important factor in that objective is to understand, how that customer values, norms, thoughts, perceptions, etc., are alike. You could sell a product or a service to a customer but to build a relationship with him/her is much more complex. Multinational organization is faced by that problem, how they build a relationship with different customers in different cultures.

Conclusion
In this paper the authors tried to show that culture is of high importance for the design and use of CRM systems. This importance of culture finds its relevance in the fact that the successful use of CRM systems depends in large parts on the underlying individual, organizational and societal cultures. Given the obvious difference between cultures the paper has tried to find out whether there are cultural universals that allow the determination of general principles of design and use. The paper is conceptual and the authors conclude it by adding to CRM network model by . As a final remark the authors will use this conceptual framework as a baseline for future research in the field of impact of culture on CRM systems.

References