

## A Study of the Perception of the Benefits of Customer Relationship Management (CRM) System in Malaysian Private Hospitals

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**Abstract**— The implementation of Customer relationship Management (CRM) Systems has been increased within organizations for the purposes of increasing customer loyalty accompany with decreasing expenses and increasing revenues. The perception of the benefits associated with the implementation of CRM systems is an essential step for the adoption and implementation of CRM systems. Therefore, this paper presented the study being conducted to investigate the perception of the CRM systems in the private hospitals in the northern part of Malaysia as there is a lack of adoption of CRM systems in hospitals. Qualitative research approach that is interview based was adapted in the study. The management of 10 private hospitals in the northern part of Malaysia was interviewed. The results revealed no hospital has adopted CRM system. In addition, there is a substantial lack of understanding of the benefits of CRM systems in hospitals. Some hospitals claim that the implementation of CRM system is not of their priorities and there are much important projects as the implementation of Electronic Medical Records (EMD). However, other hospitals indicated for an existence of future plan for the adoption and implementation of CRM system. Another issue that needs to be taken into consideration by the vendors of CRM systems is the high costs associated with the implementation of CRM systems in hospitals. Indeed, both the vendors of CRM systems and the managers of hospitals hold the responsibility of the lack of CRM systems implementation in hospitals.

**Keywords**- Customer relationship Management (CRM); CRM Systems; Perception; Adoption; Implementation.

### I. INTRODUCTION

In the past, organizations were using the supply-push strategy of business which is to produce products and services with different specifications to customer. This strategy is found inefficient, therefore another strategy is raised. This strategy is called as demand-pull strategy which is to produce products and services based on the customer preferences. Consequently, organizations had to shift from being product centric to become a customer centric. There is where Customer Relationship Management (CRM) comes into this view to accomplish the transformation.

In the 1990s, Customer Relationship Management (CRM) started emerging across the majority of industries. The aim is for reaching the customer centric approach in doing business by treating different customers by different ways to achieve mutual benefits for both the organization

and the customer. Among the benefits, CRM is expected to help the organization to provide products and services according to the customers' preferences, through the customers' needs to improve customer satisfaction and increase customer loyalty. In addition, CRM is expected to increase the revenues and decrease the operational cost [1], as the cost of selling new customers is much higher than selling the existing customers. Moreover, CRM could help the organizations in maximizing the benefits of every customer and making higher performance [2]. Additionally, there are intangible benefits for CRM including improving customer knowledge and boosting customer satisfaction [3].

### A. CRM Definition

CRM has been defined as a business philosophy, a business strategy, and a business technology [4] as it means different things for different people [5-6]. However, a wider definition of CRM that combine the previous three views is provided by Reference [7] who stated that "CRM is the philosophy, policy and coordinating strategy mediated by a set of information technologies, which focuses on creating two way communications with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns". Additionally, CRM is also defined from a balanced perspective by Reference [8], which is referred as "A managerial strategy that helps organizations collect, analyze, and manage customer related information through the use of information technology tools and techniques in order to satisfy customer needs and establish a long term and mutually beneficial relationship". On the other hand, for the healthcare organizations it is stated that "CRM is a method for healthcare providers to learn all they can about their patients and prospects, to communicate relevant, timely information to them, and to track results to make message and program adjustment as necessary" [9].

### B. CRM Systems

CRM system is defined as "a technology-based business management tool for developing and leveraging customer knowledge to nurture, maintain, and strengthen profitable relationship with customers" [10]. Previously, CRM system is also referred as "an enterprise information system that includes all business processes in sales, marketing, and after-sale service that involve the customer" [11] and as "a software system designed to empower a company to maximize profits by reducing costs and increasing revenue;

to increase competitive advantage by streamlining operations; and to achieve business goals" [12].

CRM system may consist of three modules; (i) operational CRM, (ii) analytical CRM and, (iii) collaborative CRM [7, 13]. Operational CRM system deals with automation and streamlining workflow at the front office include collecting data, processing transactions, and controlling workflow at the sales, marketing, and services [7, 13-16] where, the operational technologies are the customer facing application of CRM [17]. Analytical CRM system, on the other hand, is built on operational CRM and analyze customer data to create information about the customer segmentation, customer behavior, and customer value to the organization using statistical analysis tools especially the data mining [7, 13, 15-16], while Collaborative CRM system focuses on customer integration using a set of interaction channels [2, 7, 15, 18-19] and working intimately with selected customers, suppliers, and business partners [13]. The collaborative technologies include different communication means such as email, phone call, fax, website pages, etc by which the customer may use at the interaction with an organization [17].

### C. The Roles of CRM Systems in Hospitals

The healthcare providers should consider that customers requiring multiple healthcare services can create lifelong value which is strategically and economically important for them [8]. CRM could be referred to as patient relationship management and it is not a popular concept among chief executives officers (CEOs) of hospitals [20]. Nevertheless, CRM systems play very important roles in hospitals. The following table 1 summarizes the most important roles. In addition to these roles, CRM systems could provide great help for hospitals in the handling and dealing with the customers' complaints. Another role could be the contribution in educating and learning customers about their current health status and about how to cope with their illness and diseases. Moreover, CRM systems are considered to be an effective tool for the prediction of the future needs of the customers.

This paper presents a study conducted aims at investigating the perception of the benefits of the CRM systems in the hospitals of the northern part of Malaysia. The rest of the paper proceeds as follows. The next section of the paper describes the research problem, followed with a description of the research methodology.

TABLE I. CRM ROLES IN HOSPITALS

| CRM Roles in Hospitals                                                                                                                       | Source |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Optimizing revenues and improving patient health, relationships, and loyalty.                                                                | [9]    |
| Could deliver greater Return on Investments (ROI) and it seems to be the perfect solution for the major problems at the healthcare industry. | [21]   |
| An essential cost-effective approach to maintain long-term customer relationships.                                                           | [22]   |
| Increasing the transparency of cost and resource allocation within the hospital.                                                             | [14]   |
| The mapping of the documentation during the patients' treatment is one of the major cost reduction areas that the                            | [14]   |

|                                                                            |      |
|----------------------------------------------------------------------------|------|
| CRM systems have handled effectively in the hospitals.                     |      |
| Reducing the costs associated with the no-shows or cancelled appointments. | [20] |

The fourth section discusses the results of the paper and the final section presents the conclusion.

## II. PROBLEM

The perception of CRM by organizations is still vague and unclear [23]. In addition, there is an indication for a lack of studies of the CRM perception of organizational members [24]. However, the organizational efficient adoption and implementation of CRM initiatives could be enabled by the understanding of how organizations' members perceive CRM [23]. Obviously, a review of the literature reveals a lack of studies discussing the perceptions of organizational members of CRM [24]. For example, there exist a significant difference of CRM technologies perception among customers and organizations [25]. Additionally, the perceived benefits of CRM influence the CRM strategy adoption significantly [26]. The failure to understand the business benefits of the CRM system is one of the major causes of failure in CRM initiatives [27]. According to [28] the perception of an innovation benefits precedes the decision of adopting this innovation. In addition, the perception of CRM benefits has been found to be significantly influencing the organizational decision of CRM adoption [26]. It is also claimed that CRM as a technology innovation will be adopted by organization only after they realize its benefits. In essence, there is a lack of CRM system adoption in the healthcare organizations [8, 14]. Therefore, perception of the CRM system benefits may influence the adoption strategy of the CRM system in the healthcare organizations and its influence need to be empirically investigated. The next section explains the methodology and the data collection tool applied in this study.

## III. METHODOLOGY

The scope of this study is to increase the understanding of how the management in hospitals perceives CRM systems. To achieve that, a qualitative research approach was used with interview based for the data collection. Data collection in the qualitative researches is mainly accomplished by interviews as the main tool [29]. There are 26 private sector hospitals in the northern part of Malaysia [30]. They are contacted by e-mail to gain their corporation in the study. Only 10 hospitals agreed to be a part of the study. Unfortunately, none of the 10 hospitals has a CRM system. Hence, the interview is developed to consist of four questions; (i) seeking for what they know about CRM and CRM systems; (ii) asking about the CRM application utilized in the hospitals; (iii) asking about the expected benefits from the usage of CRM system, and (iv) asking for the existing of future plan for the adoption and implementation of CRM system. The following section includes the discussion of the results of the study.

## IV. DISCUSSION

This section includes the discussion of the results of the interviews. The positions of the interviewed persons are

general managers, deputy general managers, customer relation managers, human resources managers, MIS/IT managers, and training managers. The following will present the set of questions, where each question is followed by a summary of the responses collected from the interviews in the 10 private sector hospitals:

Question 1: "What do you know about Customer Relationship Management (CRM) and CRM systems?"

Their responses show a very shallow knowledge of CRM and CRM systems. A large portion of them asked the interviewer to explain to them the meaning of the concept of CRM and the purpose of CRM system. In general, they define CRM system as software for managing customers' relations or as method for managing customers' profiles.

Question 2: "What are the CRM applications can be used in your hospital?"

There is a consensus around the applications of gaining customer' feedback. On the other hand, only one hospital indicated for the likelihood of using sales management systems, customer care software, and service management applications.

Question 3: "Do you think that using CRM system in hospitals will return benefits? If so, what are they?"

All of the respondents expect that the system will return benefits, but they don't know all the benefits. Their understanding is limited to benefits such as better managing customer relations, increasing the ease of access to customer data, and increasing customer loyalty and satisfaction.

Question 4: "Do you have any plan for the future use of CRM system?"

Only two hospitals out of the ten hospitals have a future plan for the adoption and implementation of CRM system. Some of the hospitals indicated for the existing of other priorities in their hospitals such as the implementation of Electronic Medical Records (EMR). Another issue that is raised by a general manager of one of the hospitals is the ability to afford the costs and the expenses associated with the adoption and implementation of CRM systems in hospitals. Literally, he stated that "No hospital could afford the adoption and implementation of CRM system".

As a result, it becomes clearer that there is limited understanding of the CRM concept and low perception of the benefits associated with the implementation of CRM systems in the private sector hospitals in Malaysia. Here, the role of the vendors of CRM systems comes into view, where they have to work more in attracting and increasing the awareness of the management of hospitals regarding the expected opportunities and benefits of CRM systems to hospitals. In addition, the vendors of the CRM systems have to develop and provide CRM systems at reasonable prices to encourage even the small hospitals to implement CRM systems. On the other hand, there is focal responsibility on the management of the hospitals regarding the learning and seeking for new innovations and new technologies such CRM systems that could contribute in enhancing the quality of services, increasing customers' satisfaction and loyalty, and boosting revenues and profits.

## V. CONCLUSION

This paper presents a study attempted to fill the gap in the literature regarding the investigation of the organizational perception of the benefits of CRM systems. Specifically, the study investigated the perception of the benefits of CRM systems in the private sector hospitals in the northern part of Malaysia. A qualitative research methodology is used. Interviews were conducted with the management of selected private hospital in three states at the northern part of Malaysia including; Kedah, Penang, and Perak. Unfortunately, no hospital has adopted CRM system. In addition, disappointing results is revealed regarding the understanding of what CRM system is and regarding the understanding of the perceived benefits of CRM systems among the managements of the hospitals. In essence, the Malaysian private hospitals are divided into two types; the first one is ambitious toward the future implementation of CRM systems while, the other type have different priorities and do not have future plan for the adoption and implementation of CRM systems. Moreover, there is a limited understanding of the different CRM applications that could be used and applied in hospitals. In fact, both the vendors of CRM systems and the management of hospitals hold the responsibility toward the lack of adoption and implementation of CRM systems in hospitals. Therefore, each one of them has to work on his part to eliminate the barriers that prevent the implementation of CRM systems in hospitals.

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