

## Investigate the Effects of Customer Relationship Management on Strategic Performance Management (Case Study: Branches of Bank Melli in Isfahan)

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**Abstract:** Today, a strong relationship with customers is the most important key to success in any business. Hence the concept of customer relationship management which means the effort to create and deliver value to the customer is highly taken into consideration. The aim of this study was to determine the effects of customer relationship management on the performance of strategic management in various Branches of Bank Melli in Isfahan. The statistical population included all customers of branches of Bank Melli in Isfahan in 2015 and given the impossibility of counting customers, the convenient nonrandom sampling was used. Accordingly, the data collection was done by taking a sample of 150 customers. The tool measuring was a researcher-made questionnaire on a Likert format. Reliability of the questionnaire was obtained  $>0.7$  for all variables using Cronbach's alpha and in order to ensure the validity, the initial questionnaire distributed among a group of experts. In order to analyze the data gathered and examined the relationship between variables, spss software and Pearson correlation and regression methods were used. The results of the analysis showed that customer relationship management process, process development of customer relationship management, customer relationship management technology and customer-centric culture have a significant impact on the tangible and intangible performance of strategic management.

**Key words:** Customer relationship management, strategic management, bank melli, Isfahan, customer-centric

### INTRODUCTION

Given that organizations are realizing that customers are their most important asset so they consider customer relationship as a beneficial interaction which needs integrated management (Plakoyiannaki, 2005). Customers play a very important role in the economic sphere because customer loyalty is greatly reduced because of the increased awareness of the market, access to information and access to various distribution channels for a product. For this reason, customer relationship and maintain it over the long term should be considered as a matter affecting the durability and stability of firms in order to compete and achieve profitability.

There are many factors to investigate customer relationship management system including: technology, performance, culture, strategy and process. Banks and financial institutions believe that the success, growth and development depends on customer satisfaction and always try to offer services tailored to their interests and demands. They acknowledge that their future depends on customer satisfaction and gain customer satisfaction is very difficult given the fierce competition in a variety of fields and it is also very easy to lose therefore, this study aims to investigate the effects of customer relationship

management on strategic performance management in different branches of Bank Melli in Isfahan.

### MATERIALS AND METHODS

#### Theoretical foundations

**Customer relationship management:** Although customer management is a central issue in the marketing science but its nature is yet not accepted by theorists. According to Zablah *et al.* (2004), this view from different directions, has been proposed as a process, strategy, philosophy, functionality or technological tools. Customer Relationship Management consists of methodologies, processes and applications which contribute to implement customer relationship management (Bohling *et al.*, 2006). From the viewpoint of Kim and Kim (2009), customer relationship management as a process, consists of customer monitoring, appropriate data collection, management and evaluation of data and creating true advantage of extracted data in their interactions (Kim *et al.*, 2010). In addition from the perspective of conceptual evaluation, in recent years, customer relationship management has undergone many changes due to developments resulting from transfer and adoption of new technologies. Chen and Popovich (2003) defined the

customer relationship management as a unified view which is constituted by these three components: people, processes and technology. Customer relationship management is a process that is constantly evolving and requires a change in attitude from the traditional business model within organizations toward customers. Customer relationship management requires that various businesses identify and develop customer relationships. Customer relationship management is a set of coherent and integrated methods within the scope of business to ensure that customers receive the highest level of service (Karakostas *et al.*, 2005).

#### **Customer relationship management components**

**Preparation of employees:** Preparation is defined as the ability and willingness of an individual to achieve success in performing a particular task. The two main parts of this preparation are ability and willingness. The ability means knowledge, experience and skills that a person or group have to carry out a specific task or activity. The willingness means confidence, commitment and motivation in a person to perform successfully a specific activity or task (Hersey and Kenneth, 2002).

**Technology:** Technology is a critical component of customer relationship management and includes all tools, data, hardware, software and network infrastructure that are used in order to mechanize the processes of customer relationship management.

**Process:** A set of tasks and activities that are undertaken in order to identify, acquire and retain customers to create mutual benefit for customer and organization. In fact, customer relationship management is a combination of processes which seek to identify organization's customers in order to understand who they are what they do and what they need.

**Strategic management:** Strategic management includes the set of management processes that determines the organization's long-term performance by exploring the factors within and outside the organization, preparation and formulation of strategies, implementing strategies and assess and control strategies. So, the most important management index in this process in order to distinguish management systems is that the system be investigated as an open set (Sadati and Sadati, 2007).

The concept of strategic human resource management refers to the fact that the organization must consider its staff as the most valuable asset for competitive advantage and must have long-term plans. This concept emphasizes on human resource strategy as

the centerpiece and accordingly, the competitive advantage will be achieved when the organization be able to attract and train the required human resources and implement their learnings in a manner much faster than competitors. Establish a relationship between human resource management and short-term and long-term goals in order to improve enterprise performance and create an organizational culture to strengthen flexibility and creativity.

**Research background:** Raja in a study examined knowledge management in customer relationship management. In this study, initially, customer knowledge management is defined and its differences with knowledge management and customer relationship management are expressed and then, the role of knowledge management in value creation in the customer relationship management is investigated. Finally, a framework is provided for the implementation of knowledge management.

Rezaei presented a concept to assess the organization's readiness to implement customer relationship management (Case Study: Iran Transfo Corporation). In this study, factors and indicators related to customer relationship management in Iran Transfo were evaluated and it was found that what the company's conditions to implement customer relationship management based on the obtained factors and indicators. In addition, the company's ability to use customer relationship management were evaluated and the future revealed based on the weaknesses and strengths in order to help the company prepare itself for the implementation of the customers relationship management. In other words, this study found a clear vision about the potential choices for customer relationship management and its priorities.

Chiang Wang and coauthors in a study entitled "the impact of CRM on the management performance" examined critical role of customer relationship management in improving competitive advantage. About 100 questionnaires were sent to senior executives in organizations. They examined variables that affect this relationship and finally, they found that there is a strong relationship between process and performance in customer relationship management which can be affected by several variables.

Jickouminami and John Dawson in a study entitled "CRM in retailing and service sector companies in Japan: development of loyalty and financial return" examined customer relationship management as the development program of IT-based relationship and analyzed how customer relationship management functions in order to return a special value to the organization. This study found that the negative effect of equity is customer-oriented.

John Becker and coauthors in a study entitled “The organizational and technological effect of CRM to create, maintain and keep customers” analyzed how organizations can become dominant on the effect of customer relationship management. Finally, this study showed that customer relationship management is not effective on company performance, unless it is supported by shareholders.

A comprehensive research in the field of customer relationship management is the study of Kim and Kim (2009). In this model with the resource-based approach and based on the Balanced Scorecard framework, its performance is evaluated. In this model, the causal relationships of factors affecting the performance of customer relationship management is well considered. Information technology, management attitude, leadership, satisfaction and employee behavior, market orientation and organizational alignment are considered in the aspect of infrastructure, retain and develop customers are considered in the aspect of process. Value, customer satisfaction and loyalty are considered in the aspect of customer and share of customer value in shareholder value and rate of return on assets are emphasized in the aspect of organizational performance.

Alipur and colleagues in a study entitled “the effect of customer-oriented factors on the ability to communicate in Alborz insurance company administrators” examined the impact of customer orientation and technological factors in customer relationship management from the three dimensions of human resources, organizational resources and technical resources. On CRM capabilities and came to the conclusion that there is a positive influence between customer-oriented and technological factors and organizational resources has the greatest effect.

Ashrafi and coauthors examined the relationship between implementation of customer relationship management and customer satisfaction in Bank Melli. In this paper as a case study, status and conditions of customer relationship management and its use is investigated in Bank Melli of Damavand. In this study, a questionnaire was used to collect data. Spearman correlation coefficient and Friedman analysis of variance were used to analyze the data.

The study population included customers with a diploma or higher and 375 samples were selected based on Morgan table. Considering failure to return some of the questionnaires, 400 questionnaires were distributed and finally, 335 questionnaires were collected. In the end, some suggestions were made according to the results.

This is an applied research and it is a correlational survey in terms of data collection. The statistical population consisted of all customers of three branches of Bank Melli in Isfahan in 2015. Given the impossibility of counting customers, the convenient nonrandom sampling was used. Accordingly, the data collection was done by taking a sample of 150 customers. The tool measuring was a researcher-made questionnaire on a Likert format. Reliability of the questionnaire was obtained greater than 0.7 for all variables using Cronbach's alpha and in order to ensure the validity, the initial questionnaire distributed among a group of experts. In order to analyze the data gathered and examined the relationship between variables, spss software and Pearson correlation and regression methods were used.

## RESULTS AND DISCUSSION

**First hypothesis:** It seems that the process of customer relationship management has a significant impact on the performance of strategic management. Pearson test was used to evaluate the relationship between the process of customer relationship management and the performance of strategic management. Since, the significance level of the test is equal to 0 and  $<1\%$ . As a result, there is a significant relationship between these two variables to the probability of 99%. Since, the correlation value is equal to (0.825) and positive, it represents a direct relationship between these two variables Table 1.

According to this Table 2, the coefficient of determination shows that 68% change in the performance of strategic management is related to the process of customer relationship management.

Regression test was used to evaluate the relationship between these two variables and since the significance level of the test is equal to 0 and  $<1\%$ . As a result, the intensity of the relationship between these two variables is significant to the probability of 99% Table 3.

**Second hypothesis:** It seems that the development of customer relationship management has a significant impact on the tangible performance of strategic management. Pearson test was used to evaluate the relationship between the development of customer relationship management and the tangible performance of strategic management. Since, the significance level of the test is equal to 0 and  $<1\%$ . As a result, there is a significant relationship between these two variables to the probability of 99%. Since, the correlation value is equal to (0.796) and positive, it represents a direct relationship between these two variables Table 4.

Table 1: Pearson correlation coefficient

Pearson correlation test	Customer relationship management	Performance of strategic management
Customer relationship management, pearson correlation	1	0.825**
The significance level	--	0
Number	150	150
Performance of strategic management, pearson correlation	0.825**	1
The significance level	0.000	--
Number	150	150

Table 2: Summary of the model

Multiple correlation coefficient	Coefficient of determination	Adjustment factor	Estimation error
0.825a	0.681	0.679	10.31308

Table 3: Analysis of variance

Model	Sum of squares	Degrees of freedom	Average of squares	F statistics	Significance level
Regression	544.627	1	544.627	102.296	0.000a
Remaining	255.553	148	5.324		
Total	800.18	149			

Table 4: Pearson correlation coefficient

Pearson correlation test	The development of customer relationship management	The tangible performance of strategic management
The development of customer relationship management, pearson correlation	1	0.796**
The significance level	--	0
Number	150	150
The tangible performance of strategic management, pearson correlation	0.796**	1
The significance level	0.000	--
Number	150	150

Table 5: Summary of the model

Multiple correlation coefficient	Coefficient of determination	Adjustment factor	Estimation error
0.796a	0.633	0.626	2.4727

Table 6: Analysis of variance

Model	Sum of squares	Degrees of freedom	Average of squares	F statistics	Significance level
Regression	506.697	1	506.697	82.872	0.000a
Remaining	293.483	148	6.114		
Total	800.18	149			

According to this Table 5, the coefficient of determination shows that 63% change in the tangible performance of strategic management is related to the development of customer relationship management. Regression test was used to evaluate the relationship between these two variables and since the significance level of the test is equal to 0 and <1%. As a result, the intensity of the relationship between these two variables is significant to the probability of 99% in Table 6.

**Third hypothesis:** It seems that the technology of customer relationship management has a significant impact on the performance of strategic management. Pearson test was used to evaluate the relationship between the technology of customer relationship management and the performance of strategic management. Since the significance level of the test is equal to 0 and <1%. As a result, there is a significant relationship between these two variables to the probability of 99%. Since the correlation value is equal to (0.818) and positive, it represents a direct relationship between these two variables in Table 7.

According to this Table 8, the coefficient of determination shows that 66% change in the performance of strategic management is related to the technology of customer relationship management. Regression test was used to evaluate the relationship between these two variables and since the significance level of the test is equal to 0 and <1%. As a result, the intensity of the relationship between these two variables is significant to the probability of 99% in Table 9.

**Forth hypothesis:** It seems that customer-focused culture has a significant impact on the performance of strategic management. Pearson test was used to evaluate the relationship between customer-focused culture and the performance of strategic management. Since, the significance level of the test is equal to 0 and <1%. As a result, there is a significant relationship between these two variables to the probability of 99%. Since the correlation value is equal to (0.789) and positive, it represents a direct relationship between these two variables in Table 10.

According to this Table 11, the coefficient of determination shows that 62% change in the performance

Table 7: Pearson correlation coefficient

Pearson correlation test	The technology of customer relationship management	The performance of strategic management
The technology of customer relationship management, pearson correlation	1	0.818**
The significance level	--	0.000
Number	150	150
The performance of strategic management, pearson correlation	0.818**	1
The significance level	0.000	--
Number	150	150

Table 8: Summary of the model

Multiple correlation coefficient	Coefficient of determination	Adjustment factor	Estimation error
0.818a	0.668	0.662	2.35092

Table 9: Analysis of variance

Model	Sum of squares	Degrees of freedom	Average of squares	F statistics	Significance level
Regression	534.893	1	534.893	96.781	0.000a
Remaining	265.287	148	5.527		
Total	800.18	149			

Table 10: Pearson correlation coefficient

Pearson correlation test	Customer-Focused culture	Performance of strategic management
Customer-focused culture, pearson correlation	1	0.789**
The significance level	--	0.000
Number	150	150
Performance of strategic management, pearson correlation	0.789**	1
The significance level	0	--
Number	150	150

Table 11: Summary of the model

Multiple correlation coefficient	Coefficient of determination	Adjustment factor	Estimation error
0.789a	0.622	0.614	2.51074

Table 12: Analysis of variance

Model	Sum of squares	Degrees of freedom	Average of squares	F statistics	Significance level
Regression	497.597	1	497.597	78.936	0.000a
Remaining	302.583	148	6.304		
Total	800.18	149			

of strategic management is related to customer-focused culture. Regression test was used to evaluate the relationship between these two variables and since the significance level of the test is equal to 0 and <1%. As a result, the intensity of the relationship between these two variables is significant to the probability of 99% in Table 12.

## CONCLUSION

With the increasing spread of issues related to marketing, need to consider modern techniques of marketing management would be felt more than ever; at the moment, the customer relationship management is widely used by different organizations in various countries of the world. For successful implementation of this system, all companies and manufacturers while maintaining service quality and efficiency should pay attention to this beneficial matter, so that they can increase their market share in a competitive market. Customer relationship management while safeguarding the interests of the owners of banks will increase customer satisfaction and social welfare.

## RECOMMENDATIONS

According to the results, it is recommended that the banking services should be more and more diverse in order to attract customers. Various facilities in terms of amount, term of repayment and by type of customer requirements as well as providing a variety of account opening can be an effective step to satisfy customers. In addition, the professional staff and latest technology should be used to improve customer care skills in staff. Staff must have business knowledge and professional skills. Accurate information, sincere and professional consulting, complementary services and create a good relationship with customers should be implemented to enhance customer confidence.

Security in the use of technology and reliability should be increased. Components of customer satisfaction from the customer perspective should be evaluated. Periodic surveys should be implemented. It is recommended that a knowledgeable person be present at the branch in order to help customers and provide the required information about the banking

services. Information about banking services spread through the mass media, tools and methods of banking must be adapted to people's culture and knowledge. Finally, the technology should be adapted, so that it can compete with the changing and unpredictable market.

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