The Impact and Interaction Effect of HR and IT Applications on the Performance of Customer Relationship Management in the Banking Industry: An Empirical Study of Five Taiwanese Banks

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ABSTRACT

This study investigates the impact of human resource (HR) capability and information technology (IT) application, and their potential interaction effect on the development of customer relationship management (CRM) performance in the banking industry. A total of 800 questionnaires were distributed in the summer of 2012 to five Taiwanese banks which have applied the e-CRM system to their customer service operations. The empirical analysis was carried out with two samples, the sales personnel and the customers, and the multiple hierarchical regression were performed to test for main effects and interaction effects on CRM performance. The findings showed that the positive performance of HR and IT capabilities. In addition to the direct influences of the resources, the main result is towards the interaction of these capabilities, which leads to the predictions of its CRM advantage.

Keywords: Customer Relationship Management, Human Resource Capability, Information Technology Application, Interaction Effect, Resource-Based Theory

INTRODUCTION

The resource-based theory (RBT), with their focus on firm resources and capabilities, has been far more significant in explaining competitive capabilities in relation to capability and sustainable competitive advantage. This suggests the conceptual connection between capability view and sustainable competitive advantage. Empirically, in a rapidly changing

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business environment, when firms are able to change quickly, they can possibly gain a sustainable competitive advantage, since they can adapt to the changing market rapidly. Powell & Dent-Micallef (1997) suggested that firms should merge technology with human dimensions. Consistent with these studies, researches supported that human competitive capabilities and technology were clearly not developing in isolation since effective performance was determined by how well structure, technology, human competitive capabilities fit together and supported each other (Ravichandran & Lertwongsatien, 2005).

Given the essential of CRM advantage, previous studies has explored capabilities on CRM issues, specifically through the main, dyadic, and conjoint effects of HR and IT (Shum, Bove, & Auh, 2008). In terms of resource interaction, both HR and IT service elements are correlated in relationship marketing. Their cooperation reinforces the sales personnel’s ability to offer customized services and products that satisfy their customers’ personal desires and preferences.

The Service Environment

The banking industry is a typical industry for making good use of IT in doing business, and banks have spent significant money and time on upgrading and enhancing their IT infrastructure. Currently, IT has become an important tool for collecting and analyzing customer information and feedback. As interactions with customers are automated through the use of current IT, banks can collect and analyze customer information easily. They believe that this kind of information is useful and necessary for building and improving customer relationships. Therefore, the banks are developing CRM systems and investing significant amounts of money and time into top-notch information systems. On the other hand, the key to make a company the most effective use of its people resources is to align its HR functions with its overall business goals, for HR has always been central to organizations. The banking firms recognize that a company is only as good as its people, and as a result they aim to ensure that their staff are well-trained, highly-rewarded, and well-skilled to perform at their best (Byrd & Turner, 2000).

CRM is not only one of the most important applications in many industries, but is also the key strategy to e-commerce success. Many studies have found that banks developing a customer-oriented strategy get higher profits (Lamparello, 2000). A survey has also shown that their strength is in CRM related activities, including front to back office automation and integration, customer segmentation, and service-oriented architecture (Shive, 2005). The sampling frame of this study is to collect data from five banks in Taiwan, which have applied the systems of HR and IT capabilities to their CRM performance. These are Chinatrust, Nan Shan, Taiwan HSBC, Citibank, and MassMutual Mercury Life. These banks have operated internationally by issuing financial products, such as international stock funds and European market funds. They also issue many diversified products, including traditional financial merchandise such as stocks, bonds, and financial bills; popular financial merchandise such as real estate investment trusts and credit cards; and new financial merchandise such as high-tech industry funds and emerging market stocks.

Advances in technology are allowing for delivery of banking products and services conveniently and effectively, thus creating new bases of competition. However, viewing CRM as an IT service capability solution only is unlikely to be successful (Zablah, Bellenger, & Johnston, 2004). HR capability is also necessary, since it is people who are actually engaging in catering to the customers’ preferences and needs (Shum, Bove, & Auh, 2008). Once a bank has all these internal capabilities, performance is more likely to be strengthened.

IT Roles

Main Effects

A “main effect” is the direct effect of an independent variable on the dependent variable,
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