Chapter VII
CRM in E–Government: Issues and Challenges

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ABSTRACT

Customer Relationship Management (CRM), primarily a concept of the private sector for its multi-benefit approach, is catching up fast in public sector, with constituents worldwide demanding better and more customized services built around their needs and to be treated as customers. This has compelled public sector to act like the private in certain ways and to embrace CRM to ensure better planning and resource allocation leading towards constituents’ satisfaction and better quality of life. This chapter identifies the critical aspect of relationship management and provides a conceptual framework for CRM in e-government.

INTRODUCTION

The term ‘Customer Relationship Management’ (CRM) has gained widespread recognition in business because of the emphasis that it can give mutual benefit to both the customer and the firm. Business firms (private sector) around the globe are spending millions of dollars for managing customer relationships for their benefit. Governments, worldwide are biggest service providers and citizens are also demanding more and better services from governments. With multifaceted benefits of CRM, pressing demands from citizens and web enabled technology; governments are also forced to implement the CRM concept to gain its benefits. This chapter provides a conceptual framework for implementation of CRM concept and e-government and is organized as follows: Section one discusses the concept of CRM in general and also the meaning of e-government. Section two
describes CRM in e-government, followed by section 3 providing for a conceptual framework for implementation of CRM in e-government and section 4 explaining the major impediments in CRM adoption in e-government.

**CRM AND E-GOVERNMENT**

Customer Relationship Management is defined as the strategies, processes, people and technologies used by companies to successfully attract and retain customers for maximum corporate growth and profit (ATA). It is about identifying, establishing, maintaining and enhancing relationships with the customers so that the objectives of both parties are met (Rashid 2003). The notion of forging intimate connections with consumers to understand the needs, references and potential of distinct market segments has also been a crucial driving force behind organizations’ mounting emphasis on customer relationship management (CRM). Corporations look upon CRM as the means to identify profitable patrons, convert prospective clients and establish lasting strategic partnerships with beneficial business partners (Dyche 2001, Rust et al 2004, Zeithaml et al 2001). For the firm it is said that customer retention can enhance profitability through benefits of lowered sales costs and increased revenue (Evans & Laskin, 1994). In-fact CRM has been identified as a critical carrier of revenue growth.

There is considerable interest in how customer relationships can be managed more effectively since they are now regarded as one of the firm’s primary assets (Gupta, Lehman, & Stuart, 2004; Hunt, 1997; Kutner & Cripps, 1997; Srivastava, Shervani, & Fahey, 1998). However, there is no generally agreed approach to CRM; different scholars have recommended different approaches to CRM. For example, according to Payne and Frow (2005), CRM unites the potential of new technologies and new marketing thinking to deliver profitable long-term relationships. Hamilton (2001) defines CRM as the process of storing and analyzing the vast amounts of data produced by sales calls, customer-service centers and actual purchases, supposedly yielding greater insight into customer behavior. The essence of customer relationship management is to understand the customer needs and leveraging that knowledge to improve company’s long term profitability by customizing its offering on one-to-one basis. According to Swift (2001), CRM is an enterprise approach to understanding and influencing customer behavior through meaningful communications, in order to improve customer acquisition, retention, loyalty, and customer profitability. Therefore, from all these definitions, it is evident that the objective of CRM is to acquire and retain the customers by leveraging customer knowledge to offer better services and through influencing their behavior in meaningful manner.

The public sector is one of the most primitive and predominant service domains in any community, with a wide array of governmental services catering to all aspects of society and economy (Ho 2002). Advancements in information and communication technology (ICT) have touched government agencies also and governments worldwide are embracing this technology to reach their constituents (citizens and businesses) and this initiative is known as e-government. e-government has been defined in a number of ways, mainly falling in two categories- techno-centric and government-centric with the former focusing more on technological or ‘e’ aspect and the latter on ‘governance’ (Saxena 2005).

**Techno centric view:** “Electronic or e-government means providing public access via the Internet to information about all the services offered by central government departments and their agencies; and enabling the public to conduct and conclude transactions for all those services….”

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