

## Principles of CRM applied in Public Sector Electronically Research outline

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This research illustrates an overview of the topic area which is CRM. It provides a broader view of existing research on the role of CRM in private and public sector. It will demonstrate the current problem areas with implementing e-Services in public sector. It will demonstrate the current problem areas with implementing e-Government in public sector. The rates of e-service in KRG organizations are extremely low. It is believed that many local governments has benefited from these services. However, KRG or the public sectors in Kurdistan Region has not benefited from these electronic service.

**Introduction**

This research illustrates an overview of the topic area which is CRM. It provides a broader view of existing research on the role of CRM in private and public sector. It will demonstrate the current problem areas with implementing e-Services in public sector.

**Problem area:**

It will demonstrate the current problem areas with implementing e-Government in public sector. The rates of e-service in KRG organisations are extremely low. It is believed that many local governments has benefited from these services. However, KRG or the public sectors in Kurdistan Region has not benefited from these electronic service.

**Research aim and objectives:**

The aim of this research is to investigate how CRM can be used to facilitate the uptake of public sector services electronically.

This aim can be achieved by taking the following steps.

1. Provide an overview of the background of the literature including critically analysis of the role of CRM in the private enterprise sector, the impact of IT in organisational change and investigate e-Government and its benefits and challenges.
2. Analyse and discuss the results of the study and findings of the research data collection and study analysis.
3. Provide recommendations of using e-CRM in e-Government to enhance perceived levels of privacy, security and trust.

As these aims can be achieved by carrying out this research. This study makes some recommendations and suggestions. The suggestions can be taking into account concerning the gradual changes in public sectors of Kurdistan Region.

### **Overview:**

Since 1990s organisations in both the private and public sector are discussing and arguing about the entire change process of service delivery in many countries. This radical and gradual change in some cases has been achieved by looking into implementing CRM applications mostly in private organisations.

Customer Relationship Management (CRM) combines people, technology and processes. The concept of CRM has contributed largely in the success of digitalising private sector enterprises, e.g. e-Business. CRM has created a bridge between organisations and customers and strengthened customer relationships by individualising customer attention. The positive result of implementing e-CRM applications is visible in the private sector. Other case studies in CRM have shown success in service delivery.

The strategy of CRM will lead to higher levels of customer related issues and in turn better return of investment Lee et al (2001). The concept of the technological change has been signified as a means to bring transformation into organisation. IT supports the integration and organisational change. However, the need for change requires clarification because not all circumstances and perspective of change are valued according to Attaran (2000). Various aspects and impacts need to be considered in transforming traditional service delivery to electronic type. The use of e-CRM that involves the use of ICT and makes the technology as a usable tool which ultimately provides better service improvements and performance measurement.

In a study by Davison et al (2005), citizens showed that they believed governments would be more effective if citizens could use online services to fill out forms, pay for their parking tickets, register cars, apply for permits, vote online, and get information electronically. To meet citizen's requirement the government has to adopt the Information Communication Technology (ICT), Wei et al (2005). The literature shows e-Government is still new to many people and this implementation have caused digital divide within the citizens and employees. The public sector is a larger organisation if compared with the private enterprise. The aim of CRM in public sector is not profit motivated. The services are variety, including, housing, education, children, health, policing and social services etc.

E-CRM applications are suggested as a solution to build bridges between government and citizens. The techniques of e-CRM have proven successfully and governments are willing to integrate and apply that within their e-Services (Ke Wei, 2004). Previous studies indicated the failure of many

e-Government projects as a result of complex issues involved in this implementation. The nature of e-Government program is that services are provided electronically to different groups and levels of people some with less knowledge of IT, low income and sensitivity about electronic services. Security and privacy issues are the most concern that suggested causes resistance. This resistance has an impact on e-Government implantation failures to certain extend. This study will seek how CRM can be applied to the construction of e-Government program.

## LITERATURE REVIEW

### The role of CRM in the Private Sector

Customer Relationship Management (CRM) appeared approximately a two decades ago. According to Burghard and Gulimil (2000), CRM is a strategy encompassing methodologies, software and internet capabilities that combined with a customer focused strategy designed to gain competitive advantage through optimizing profitability, revenues and customer satisfaction. CRM has a considerable effect on markets in the private sector. According to Wardley and Shiang (2000), CRM market has grown over 70% in 2002 and the revenue growth was estimated around £12.1 billion in 2004. According to Hewson (2001) private sector organisations that adopted CRM strategy are gaining and increasing their revenues and the CRM application package maintains the enhancement of customer experiences.

To support the argument of Hewson (2001), Accenture's (2002) survey revealed that CRM applications can increase sales by 20%. Greenberg (2002) has demonstrated that CRM applications are playing a key role in developing strong ties with customers and offering good services, which benefited both customers and organisations. The use of a CRM principle in the private sector is able to give tangible and intangible benefits; some of the benefits will be seen in the long term. The American airline AA.com is considered as an organisation that has a strong and successful CRM program. The firm have offered *personalised service* to its customers. This method has offered an opportunity to AA.com to differentiate their services and achieve return on their investments in CRM. These are key to developing these relationships and it is crucial that private firms train their staff to meet their customer needs at each interaction.

Boyes and Stone (2003) have demonstrated that members of staff have the potential to build relationships with customers. Therefore, this can be argued that members of staff are a source of competitive advantage. In the further attempt to gain competitive advantage, some private organisations like banks began to open up new delivery channels such as, internet, interactive TV and WAP banking (Kapoulas et al, 2002).

Building loyalty with customers is therefore very important in order to reduce the possibility of switching and to retain customers in the long term. A controversial issue within the literature is whether loyalty can be built over the internet. Leading customers to feel that the services are *personalised* or customised to their needs will increase their loyalty. This e-CRM allows banks to get familiar with their customers, target products and services to better suit their needs (Clare, 2001). Different business models and strategies combined with new thinking can do wonders to provide on-line services to millions of customers globally ([Lukaszewski, 2010](#)).

According to Kapoulas et al (2002), the role of communication in relationship builds a loyalty and should not be underestimated in the private sector. They emphasise that through interactive communication, trust and commitment are built and developed among involved parties. Adopting a CRM program is not just a technical or economical issue but a social and communication one. The study states that adopting a CRM application in the private sector has a direct impact with the leadership. Leadership has a direct influence in relatively small private enterprises if compared with the public sector. The leadership is able to make the changes easier to manage in the private sector because the nature of business. However, leadership in e-Government implementation will experience limited role because the complicity of citizens. The argument above shows that adopting e-CRM targets best customer based on set of criteria and will help to gain competitive advantage and improves the process for product developments. Currently CRM widely used, vendors such as Oracle, SAP, People Soft, SAS and Siebel all use CRM applications. Added to this, studies show substantial increase in the use of CRM in all industries especially online businesses. The online business is a service that provided by a private enterprise sector to customers via internet, so the service is provided electronically. The idea of electronic service is vital and this concept can be applied into public organisations, i.e. e-Government.

**E-Services:**

The dictionary.com (2015) identifies the e-Services as a ‘term usually referring to the provision of services provided via the Internet’. Using the e-Services in private sector is beneficial in two ways. Customers and organisations alike benefit from the internet and web services. Private organisations benefit from reduced operating and fixed costs whilst customers benefit from convenience (O’Donnel et al, 2002).

Egg Plc is the UK’s highly successful internet bank. This online bank appeared to be a successful financial provider which the logical assumption suggests that is truly customer-oriented (Egg Plc, 2004). This UK based online bank uses the internet channels to generate vast amount of customer data in order to offer the right products and services to its customers. This online bank understands the role *personnel* play in the bank-customer relationship because it heavily invests in training its staff. Training staff to provide around the clock telephoning service by experienced and knowledgeable individual members who is able to manage and deal with customers in a professional way. The form of communication is through remote channels, i. e. internet, digital TV and telephone. Also Egg have developed an e-privacy policy, which makes a developed trusting relationship (Salmen, 2003).

Software vendors in CRM field attempt to encourage organisations with CRM software applications. However, there is not a 100% solution. Authors such as Goldenberg (2013) states that, when CRM applications fully implemented across functional customer driven and business process management strategy which maximises the relationships will influence the entire organisation. Therefore the private sector enterprises have revolutionized their data process and the way is functioning. This change has occurred as a result of gradual and in some cases radical change. Public organisation is not neglected in this revolutionized change. However, government organisations are not advanced at this respect. Taking advantage from the private sector’s digital transformation, this reform become necessary in the public sector especially local councils. Therefore, the introduction of e-CRM to an organisation could be considered a critical organisational change.

### **The necessity of organisational change, theory and practice**

The relationship between technology and organisational behaviour through the influence of change is something can not be neglected in today's competitive corporate structuring. The technological affect, social choice and interaction model define the cause and affects of technology and behaviour in context that designers require to understand and interpret in order to make reasonable efficient systems (Leonardi and Jackson, 2004).

Global business communities have attempted to implement the change in order to expand their operations and use internal growth as a catalyst to enhance their market share. In the private sector, management has noticed that using Information Communication Technology (ICT) in strategic projects is fundamentally required to ensure the most effective approach in a corporate improvement program. Mendonca (2004), has demonstrated that integrating IT through most resourceful approach helps investigating the needs to develop upon existing systems. According to Leonardi and Jackson (2004), technology is however not the central means of implementing the organisational change. As the information technology has been growing exponentially since recent decades, we enter through new era which is called information economy and e-business consider as corner stone for all ventures (Zeng et al., 2005). e-business is growing rapidly with more than three million new websites appearing in the Internet every month (Grzywaczewski et al., 2010). So, it is hard to ignore such obvious matter by any business. However, there still exist many enterprises which are sitting on the fence to apply e-business in their organization (Zeng et al., 2005).

The concept of organisational change has been signified as a means to bring transformation into an organisation. To develop business functions and enhance current positions in order to gain competitive advantage. To contributed to the area of organisational change by establishing the notion of incremental improvements rather than radical transformation as conceptualised. The incremental progression focuses upon techniques that consider existing systems in the change with less significant conversion prospects. The research has identified four types of change; technological, planned, punctuated equilibrium and situated change. Technological change is driven by advances in technology. Planned change occurs where management decides on change to enhance performance of the organisation. Punctuated equilibrium take place as a result of the environmental change and situated change emerges from everyday practice.

It has been illustrated that the power of technology as a competitive variable rests on its ability to change its competitive position through changing industrial structure. It is stressed that Information and Communication Technology (ICT) will have a major impact on an organisation's competitive position. also stated that 'companies that anticipate the power of ICT will always be in control of events'. In other words, being a leader in the use of ICT will always give you that competitive edge. The American Airline Computer System (SABRE) initial aim was to solve an internal inefficiency but instead turned out to provide a competitive advantage for the organisation (Ciborra, 2002).

The literature shows that e-Government based on e-Business. They are both functioning similar and aim to provide better, efficient and faster services. Due to structural similarities between e-Government and e-Business the suggesting that it is vital when implementing e-Government program and solutions to make reference to examples of e-Business adoption to avoid wasted efforts and missed targets. Despite the major differences as e-Business focus on profit and e-Government have no direct ties.

ICT has played a major role and considered as a fundamental tool in electronic services of both private and public sectors. The integration of CRM applications in ICT will be discussed in later



stages of the literature. This rapid electronic change of private organisations had an impact on the public sector to move towards change dramatically. Various groups of the society are dealing with local government daily at least in one way. This technological change was crucial to the public sector because local governments just like any other organisation require modernisation. However, this digital transformation in local councils has faced many challenges and caused a digital divide that's when security and privacy issues arise, this will be discussed in later stages of this chapter. First it is essential to realise the important of e-Government implementation and the role of ICT in building e-Government performance. Therefore the literature introduces the core themes of e-Government.

**E-Government:**

E-Government makes a strong relationship between government and public while the public services are improved electronically and the cost of the services have reduced (Phythian and Taylor, 2001). According to the UN report (2001), the concept of e-Government is driven by the technology. This significant change promoted by the government on the bases that it will achieve economic growth and social developments. Many countries around the world recognised e-Government implementation as a necessity and importance factor for reform. E-Government is identified by Lofstedt (2005) as a 'reinventing the way in which governments interact with citizens, government agencies, businesses, employees and other stakeholders'.

According to Hu et al (2005) e-Government projects have still not reached maturity stages even in developed countries. The measure of success is possible to be carried out in individual bases. Standish Group has indicated that in the US in 2000 e-Government project were 28% successful. There are official, institutional and industrial sources that produce reports on e-Government around the world annually. These sources agreed that the development of e-Government program are slow and still at Macro level. Fortune Age Technology Company Limited (2015) has issued a report that Chinese e-Government program has not met citizen's anticipation in terms of practicability and integrity of information. Hu et al (2005) has indicated that there are six dependent variables of e-Government program success, including System quality, Information quality, Information Systems use, User satisfaction, and Individual and Organisational impact. These variables have direct and indirect influence on each other, which all together makes the e-Government program successful.

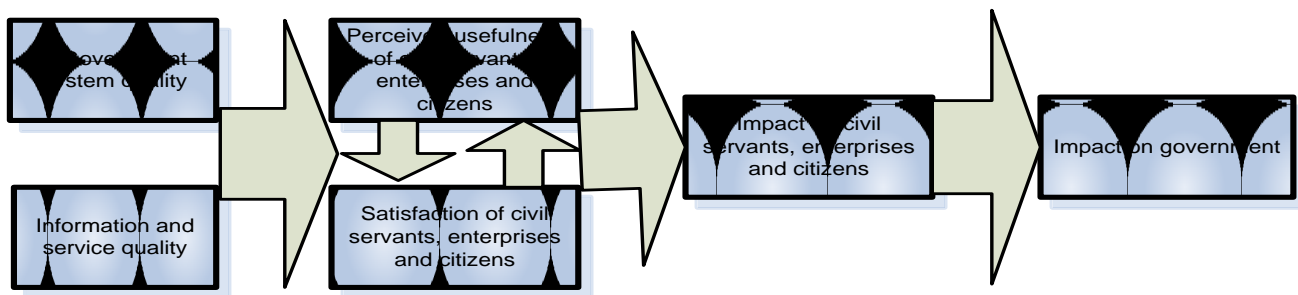


Figure 1: E-Government project success appraisal model

Source: (Hu, et al, 2005)

According to Kolsaker and Lee-Kelley (2004) using technology to deliver holistic joined up services between different government departments that able to provide an efficient and effective ways for citizens and businesses to interact with the government. The literature shows that the

government of Singapore have experienced a very successful e-Government program. The Tax Filing System is an example of how the government has achieved success and improved services to citizens. In the past tax process in Singapore was a hierarchical bureaucratic that caused inefficiency and ineffectiveness. The internet filling system has proven empowerment to tax payers over their tax matters in Singapore. The social, technological and economic factors have all contributed to gain success in e-Filing system in Singapore (Ke et al, 2004). However this might not be the case in another country because of the social, cultural and environmental differences. Implementing e-Services in the public sector implies different levels of transformation according to a particular country because each particular country has different objectives over the strategy of change (Choudrie et al, 2005).

The e-Government has been adopted in effective way to encourage the competition forces. The change has to show benefits and increase the transparency. The aim of implementing e-Government is to offer greater convenience and easy access to the government resources by citizens. Citizens are considered as a crucial part in e-Government revolution, which makes a greater contribution in the construction of e-government (Wei et al, 2005). As e-Government reform has an impact on vast numbers of the public, the benefits of this reform is essential to be addressed. According to this study there are still targets need to be met in 2007 that means many local council are still not able to implement their services electronically fully because the barriers and resistance. Different local governments are in different stages of e-Government implementation in the UK because of the nature of the councils and challenges.

### **Benefits of e-Government**

The very reason of government reforms is to rationalize the structure of the government and at the same time streamlining its processes. There are several government reform initiatives that has been identified and governments around the world are working on these initiatives such as reduction in government expenses, transferring of the power to the more localised public sector, i.e, local authorities, managing performance of the government that is suppose to increase efficiency, improving strategic decision making, transparency in government to government dealing (G-G), increasing accountability, democratic interaction between government and citizens (e-voting), community development, transforming government functions, re-engineering government process, enhancing government transparency (Government Information Quarterly, 2005, Heeks, 2000, 2005).

Local governments in developed countries are taking advantage from technology. The aim is to deliver better services to the public and enhance citizen access to the government services especially by using web-based internet (Ke and Wei, 2004).

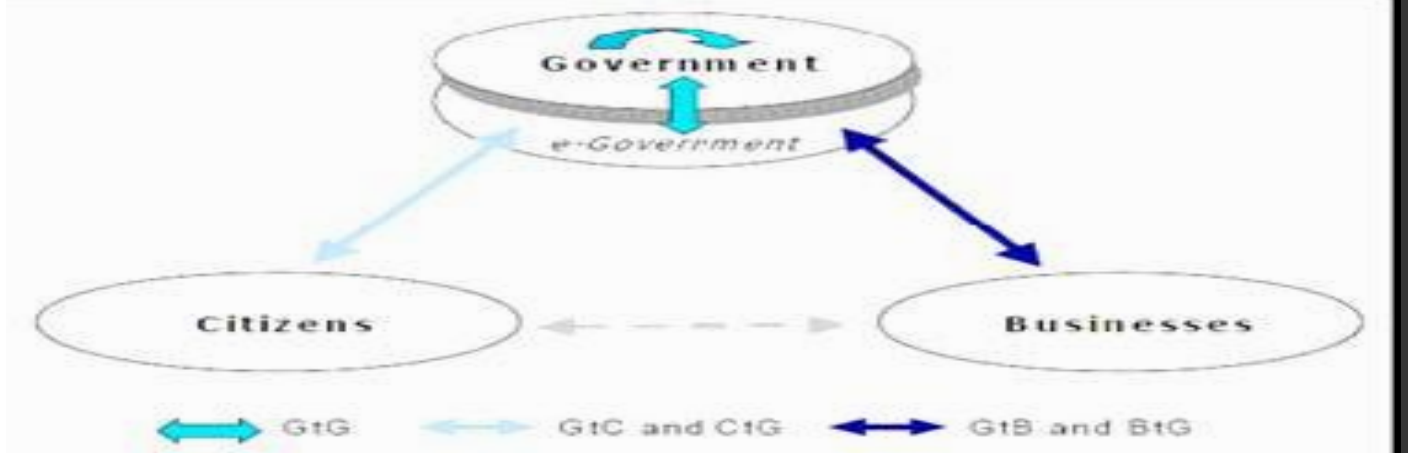


Figure 2: Interaction between stakeholders

Source: (Wei and Zhao, 2005)

The rapid developments of technology have accelerated the change of government department functions. According to Fortune Age Company, the e-Government is at different levels in different countries. For instance, the transformation of office operation started in China a decade after Western Europe countries this is shows that starting point was relatively low.

The fundamental issue in this radical change is the use of ICT. The skills of using technology tools can be understood better when e-CRM applications is applied and involved. The form of digital communications is used by government agencies to enable them provide better and faster services electronically. Despite the importance of ICT's role, the government has not achieved full success in this strategic change. At the beginning, it is essential to know the values of ICT in e-Government implementation. ICT in e-Government is used as a valuable tool to link local government agencies and individual citizens with each other.

**The role of ICT in implementing e-Government projects:**

If the internal working of the government is efficient then this can have a direct effect on government's dealing with its citizen, while providing services to the citizens or dealing with other non-governmental agencies. Use of ICTs can improve the internal processes of the government and can have many benefits like reduced cost, effective governance etc. In order to understand the internal working of the government and its affects on stakeholders, first let's consider following diagram in which we can see where government stands and how it deals with other stakeholders.

'Focal Domains for e-Government Initiatives'



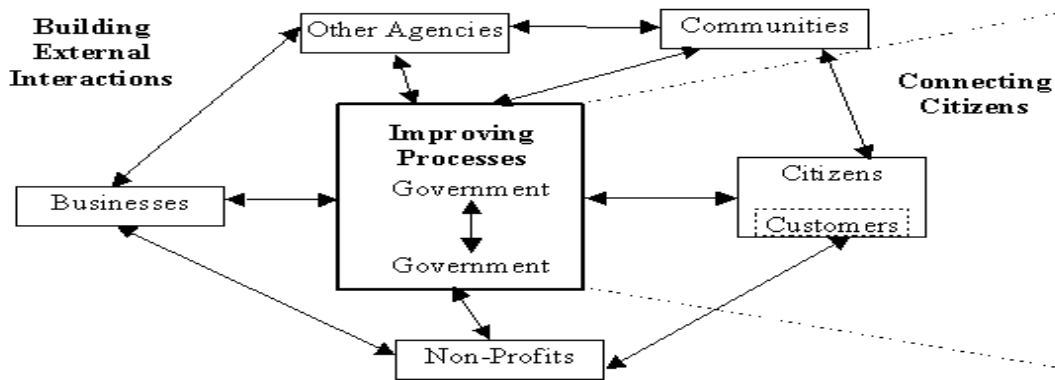


Figure 3 : e-Government for Development Basic Definitions Page  
Source: (Heeks, 2006).

The ‘underlying principle’ in order use ICTs is basically ineffective government’s internal operations and processes. Our argument is based upon overall improvement, reorganization, restructuring and reform of the government. The idea is not just use of ICTs to achieve effectiveness and efficiency in public administration but the need is for the re-engineering of the overall system because this is the core of the entire government functions which includes delivering of services to the citizen, external interactions between public agencies etc. So as long as government administration is strong enough and its processes are effective and efficient eventually this will have direct consequences on other e-Government objectives as well.

The rationale for government reforms is to improve its performance and bring openness in the overall government administration and cost reduction. This can be achieved by the proper use of tangible and intangible organisational resources. This will not only bring efficiency and effectiveness in the government processes but because of the improved internal processes it will also help citizens to deal with government more easily and effectively in lesser time and at the same time government can use its resources effectively on other projects.

There is no doubt that use of ICTs in government administration can bring efficiency, effectiveness, cost reduction, improved interaction, good governance, better delivery of services to the citizens and enhanced legislation. Before analysing where and how ICTs can help government in the public sector, would like to adapt an onion ring model of information systems and government reforms which shows ICTs as the core of the reform of the government administration which results in improvement in the internal processes of the government.

Use of ICTs can also enhance the level of governance and provides freedom to the public administrators to use the information in a more accurate and effective way. Hiring of human resources and public procurement can be handled more effectively and transparently. ICTs enable facilitates in decision making at the same time can helps in controlling financial resources. Use of ICT can assist the government to make the entire internal working transparent. Use of ICTs can improve administrative efficiency and effectiveness and as a result government will enhance economic development (Government Information Quarterly, 2005; Report on e-Government in China). For example in the UK, government is using ICTs to support devolution of budgets from local government to individual public schools. One of the factors of further development in e-Government

successful program is citizen's willingness to use the services and ease of use. The e-service must be adopted in user-centred way.

Despite of the ICT capabilities in e-Government projects there are still many challenges that e-Government implementation is facing many local governments. These challenges are present because the differences of the nature of the government organisations. The difference perhaps comes from the way local councils are delivering their traditional way of service. The finding that causes these challenges will be studied and e-CRM application will be applied to e-Government as recommended solution.

### **Challenges and barriers of implementing e-Government projects:**

The whole idea of e-Government innovation is to build a digital government for people. Therefore people or citizens must not be neglected in any case of the construction period. The relationship between government and citizens has to be strong and government has to win citizen's trust in using the electronic system. Trust issue in e-Government is a barrier that government must overcome (Choudrie et al, 2005).

According to Wei and Zhao (2005), changing from traditional to electronic service is somehow a radical change. Therefore, during the process of transformation barriers and resistance would have occurred. The conflict becomes visible in governmental functions during the transformation stage because the differences between new operation method of e-Government and outdated organisation of government. E-Government has increased citizen's demand. Citizen's are not satisfied with browsing the net pages and they require some official certain platform of communication with the government because uncertainty of the information and on-going updating. For example, the legal effectiveness of electronic signature, this affected the core of legislation of e-Government.

In taking the enterprise school of thought into consideration, although Information Systems (IS) may help organisation's ethical issues arise all these modernism as they are drastic changes. Therefore in some occasions the change leads to job redundancies and resistance. In particular e-Government and e-Business implementations do inherit the issues of trust and privacy because e-Government is a massive project and requires different sort of participation from several parties (Choudrie et al, 2005).

All these factors may cause barrier in public organisational change. Due to the fact that transforming the traditional service of government to electronic one bases on the internet. As internet currently used globally, security and privacy issues need to be addressed. Individual citizen wish to pay council tax by credit cards, the confidential information must be kept private in order to secure private information online. Credit card fraud and false details are more commonly related problems faced by internet users (Gilbert et al, 2004).

There are three important aspects to maintain the relationship between citizens and government.

- First is privacy, which citizens' confidential information must be kept and not used for other purposes (Zhu et al, 2002).
- The second is reliability and security. Citizens have to be confident while using the system. Therefore, the e-Government system service must provide a secure environment. Citizens

financial information has to be guarded from lockers and website information must be updated accurately.

- The existence of privacy and security enables creating an environment of trust in the electronic world because issue of trust is vital even in the traditional way of service. Lack of trust in public e-Service would cause a barrier and resistance (Choudrie et al, 2005).

Privacy and security are two fundamental issues of e-Government program in China in order to maintain citizen's trust. According to Lofstedt (2005), security is essential since it influences citizens' willingness to use the e-Services because human and social factors interact at all aspects of the e-Government. This issue considered as a vital management responsibility for e-Government. Security must fulfil the fundamental security properties of availability, integrity, confidentiality, accountability and information assurance. Privacy is linked to security in e-services. If the system is secure and used by capable workers then privacy of citizens can be protected. However, staff who have less knowledge about rules and regulations of using a particular e-Service which have been properly set up are still at risk from people who have legitimate access to those systems.

Security issue has caused conflict in Chinese e-Government program. Many local governments require accelerate the flow of data, efficiency and effectiveness of e-Services. Therefore, the government have to take more care on the types of information supplied for the public. The e-Services are a serious matter because line disconnection and problems with interconnected equipment on the network which may affect the integrity of e-Government program and put the situation at risk.

### **Digital divide:**

People are more important than technology (Heeks, 2006). The biggest and most important socio-technical constraint is digitally divide government employees. Success of ICTs based reform in public administration is facing a big challenge because of the digital-gap. Government administrations especially in developing countries are facing a challenge to implement ICTs based reforms in public administration because of the lack of required skills not even at the lower level but even the higher officials. 'The digital divide is one of the biggest fears among governments, according to the already mentioned survey among high ranking public servants'. (Prisma, 2003).

Similarly in government administration most of the employees are not familiar with ICTs and related skills that is the in some developed countries as well. Because of this digital divide there is a big chance of failure of ICTs based reforms in public administration. The level of income, education and literacy are some of the main social factors which are the basis of digital divide. Low literacy rate is now decreasing the usage of internet in many developing countries but still a language barrier is in place to restrict the end user to adopt ICTs. The main factor of resistance against adopting ICTs is low income, where the citizens can not even afford to make a phone call (OECD, 2004). Lack of 'inclusion' in the entire world is now becoming prominent due to digital divide because people like older and disabled from the disadvantaged social groups are not able to use, access or afford ICTs and so digital divide is one of the cause of social exclusion as well (Clarke, 2010) which is further elaborated in the following diagram.

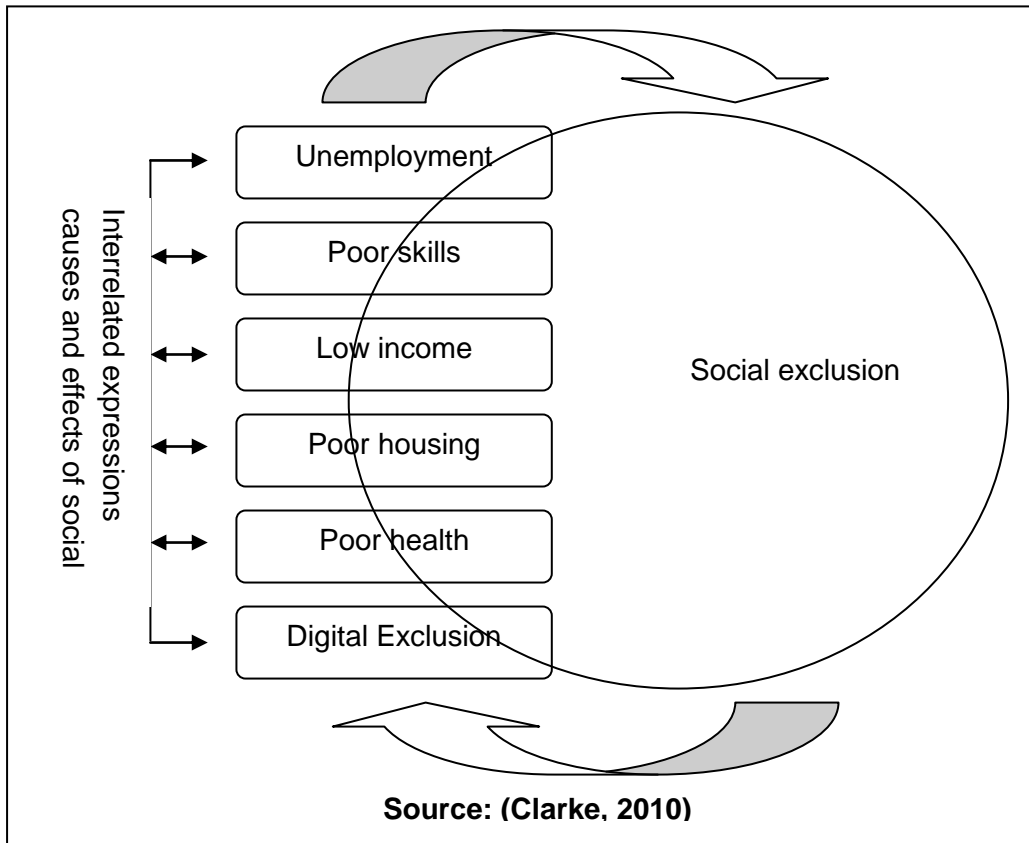


Figure 4 : Interrelated expressing causes and affects of social exclusions

According to Lofstedt (2005), the lack of e-Government usage may come from a digital divide. Because the difference of society levels for example economic, social, disability, racial and geographical gap. A prime example of this is the Inland Revenue websites where 130000 people accessed the site yet 60% logged off prior to online submission (Thermistocleous & Sarikas, 2005).

Other reports focused on issues to examine the theoretical and practical levels of e-Government program. There are some ethical issues needs to be addressed in implementing e-Government successfully. It's worth to mention that with implementing CRM in local authority services, the IT department may face heavy pressure because the digital divide within the council departments.

**Social implications in e-Government:**

It is government’s responsibility to ensure the success of e-services by creating an environment and taking considerable steps for the reliability and trustworthiness of electronic services among citizens and businesses. Following socio-technical constraints have been identified which have to be taking care of before embarking on the implementation of e-services to citizens and business. These social implications occur as a lack of e-readiness, security issues and knowledge gap. The resistance to change comes back to the lack of participation of stakeholders (Heeks, 2006).

Disabled user may cause a digital divide in this process. This issue is based on that not all citizens have access to computers. The reason behind this could be due financial differences or people may not have the necessary computer skills. People with disabilities such as blindness or physically impaired people with special hardware or software needs were also mentioned in the literature.

**The difference of CRM in private and public sector:**

Implementing CRM principle makes private or public sector to offer some products or services for customers. In the public sector, like local authorities, the service is variety and substantial. However, in the private sector is limited to small number of products and services. CRM in private sector is aiming more profits. However, in the public sector is for efficiency delivery services to citizens. The difference between the two is that the aim of e-Government is more complicated than the private enterprise systems. The diagram below shows major differences between CRM in the private and the public sector.

Table 1: A table shows the CRM differences in private and public sector

Source: (Schellong, 2005)

<b>Private Sector</b>	<b>Public Sector</b>
Competition (some)	Monopoly
Market orientation	Jurisdiction
Million relationships	Millions/Billions relationships
Homogeneous product rang/ controllable quantity.	Huge number of heterogeneous products (services)/ uncontrollable due to political decision making
Personalisation	“one size fits all” approach
Segmentation (Pareto rule 20-80)	Segmentation possible/ no termination of unprofitable customers
Budget / sunk costs	Budget / sunk costs



Legacy system (IT)	Legacy system (IT)
	Poor service image
Organisation culture	Organisation culture
	Human resources (lack of knowledge, salaries not competing with private)
Laws	Laws
	Accountability / Federalism
	Political influence (planning cycle)
Profit orientation / maximising the shareholder value	Democratic understanding / philosophy

**E-CRM in public sector:**

The development of the global electronic services is moving into high established phase. Using CRM principles in the e-Government implementation is vital to achieve government’s goal in meeting the targets and overcome barriers that mentioned above.

The relationship between government and its citizens is essential and necessary in implementing e-Government construction. This electronic service transformation requires individual citizen’s IT skills in order to adopt the e-Government program meet its targets. Citizens are playing a major role in e-Government program (Wei and Zhao, 2005) because the success of e-Government projects comes from meeting and understanding citizen’s expectation.

Private sectors experienced reasonable level of success and has gained competitive advantages by engaging CRM principles into their e-Services. Applying CRM principles in e-Government implementation can be achieved gradually because the change has to manage gradually. This gradual change is a result of variety challenges in that e-Government is facing. Therefore the adoption of e-CRM in e-Government service requires plans and strategy because the digital divide. This engagement requires commitment, software installations and understanding the implications of culture. There has been increasing demands of engaging CRM principle in the public sector domain (Schellong, 2005). To improve the public sector technology is not always required. Changes can be done in customer service areas or opening hours which have impact on the level of customer satisfaction and professional design of e-Government websites. The investigation involves the satisfactory measurement of three essential issues of e-CRM, which are, privacy, security and trust.

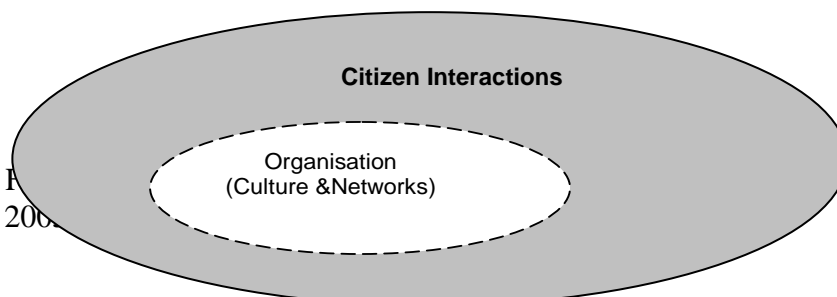


Figure 5: The CRM Framework  
Source: (Schellong, 2005)

## **Conclusion**

The public sector and government institutions has embraced the CRM principles. The idea of CRM is originated as a commercial strategy for private sector organisations. Public and private sector share similarities in using CRM principle in term of technology and building truly relationship with citizens or customers. CRM solutions streamline processes and increase profitability in your sales, marketing, and service divisions. A strong CRM solution is a multifaceted platform where everything crucial to developing, improving, and retaining your customer relationships is stored without the support of an integrated CRM solution. The strong demand for CRM technology solutions has prompted leading vendors to continue to invest in improving their solutions and make acquisitions to fill out their solution portfolios. However, business and technology pros tell us that they struggle to determine how to define the right CRM strategies, re-engineer customer-facing business processes, effectively acquire and deploy the appropriate supporting technology solutions, and lead and sustain the organizational changes required to transition to new ways of working. The resistance may occur as a result of many reasons including poor IT skills, deficiently designed websites and individual citizen may get confused during data transformation and processing. Trust and self-confidence of citizens are essential in performing e-transactions and achieving success of delivering electronic services. Ideally security must protect citizen's privacy. Security in delivering e-Services can be perfect when at the hands of competent and skilful staff. However, less skilled staff may put any e-Service system at the risk of failure. Empirical evidence shows that citizens are getting lost and confused on the government websites due to a lack of basic service and information, poor or inconsistent. Authors highlighted that it could be easier to satisfy customers in Internet Banking than in traditional way because of the capabilities of the technology which is involved in process. Customer Relationship Management (e-CRM) software stores large amount of customer data.

For an organisation, either private or public if undertake CRM program in e-Services, it is vital to consider number of requirements. Implementing such e-CRM as affective strategy is not an easy task and involves some challenges. There will be a need of broad level vision, customer centric and leadership to plan and drive the change because cultural and environmental challenges. Within e-Government services there should be greater emphasis on involving people in decision making about particular services in local authority because people are citizens and not customers. The next chapter will discuss the research methodology which contains tools and techniques that will be used in this stud The conclusion of this research will be assessed. The research contribution will be presented and the results of this study explicate how this can be applied academically and practically. Further research and limitation of this study can be explored further in near future.

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