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Customer relationship management (CRM) in e-government: a relational perspective

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Abstract

The case of the National IT Literacy Program (NITLP) as part of Singapore's e-government initiative serves to illustrate the evolution of strategic customer relationship management (CRM) practices. The role of CRM has remained relatively consistent even though its practices have evolved in response to both environmental and technological changes. This study introduces the concepts of relational incentive, relational value and relational tool that position indirect communications as an important contender to direct communications for organizational relationship building. This study adopts a relational perspective with which to formulate a managerial strategy for CRM that is independent of direct organizational involvement.
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1. Introduction

The notion of forging intimate connections with consumers to understand the needs, preferences and potential of distinct market segments has been a crucial driving force behind organizations' mounting emphasis on customer relationship management (CRM) [26]. In particular, corporations are growing wiser to the archaic marketing philosophy of reaching out to every customer in an identical manner [26], and look upon CRM as the means to identify profitable patrons, convert prospective clients and establish lasting strategic partnerships with beneficial business partners [20,66,83]. A more recent study by Reinartz and Kumar [60] even dispels the common myth that a loyal customer is equivalent to a lucrative one, and calls for a better approach in assessing the business worthiness of each consumer.

Not surprisingly, the aforementioned phenomena have spurred an extensive amount of studies conducted on CRM initiatives (see [16,61,81]) and with the apparent dominion of information technology (IT) in the future, the growth of CRM in electronic

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commerce (EC) is also rapidly gaining momentum [64]. Nevertheless, despite the overwhelming number of articles presented on the advancement of CRM across various service industries (see [1,3,45]), few, if any, have explored the management of customer relations within governmental agencies.

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 [32]. Considering the dynamism in coping with such diverse stakeholders, Gregory [28] cites public responsiveness as an important distinction of effectiveness and efficiency within civil administration. This view is supplemented Thomas [75], who proposes a mutual *trusting* alliance as the core binding element between public organizations and their customers in achieving a convergence of interests.

Though, e-government [72] has complicated matters by inducing a sense of urgency in stepping up to rising public expectations of improved interactivity and enhanced sensitivity [33,77]. In this light, CRM becomes strategically significant in promoting e-government acceptance by providing a forum for public agencies and their customers to fine-tune e-services to meet each other's precise requirements [11]. Moreover, the premise of public administration is undergoing transformation with the redesign of old-fashioned bureaucratic governmental structures [48] to accommodate an emerging generation of modernized public services [15]. In particular, the vision of transforming a government to become more customer-oriented is continuously being called for in theoretical literature [73].

This study addresses the issue of CRM in e-government development by examining the case of the National IT Literacy Program (NITLP) in Singapore. The NITLP is one of the pivotal e-government initiatives introduced by the Singapore government to create an e-inclusive society that is competitive in a global knowledge-based economy. Specifically, the program is designed as a springboard to propel the nation into the forefront of e-commerce adoption activities [12]. Considering the unique context associated with such an extensive project, the NITLP serves as an excellent anchor point from which to explore and evaluate the practice of CRM in e-government. This article seeks to contribute towards

(1) a review of the role of CRM in e-governments and (2) the application of CRM in fostering strategic customer relations in public administration.

2. Customer relationship management in e-government

There is a general belief that the origins of CRM can be traced back to the old days when vendors enjoyed an interpersonal relationship with their customers [68]. Back then, consumers were served on an "exclusive" basis, with merchants making use of the personalized knowledge of their patrons to generate highly effective customer relationships in forecasting supply and demand patterns [26]. With the expansion of market economies, the in-depth understanding between merchants and their customers has been replaced by increased consumerism and mass marketing tactics [54]. This trend of assuming customer uniformity persisted until recently, when relational marketing emerged as a preferred technique of building dialogic relationships with individual clients [44,56]. Regrettably, this one-to-one marketing technique suffers from criticisms of labor intensiveness, which compromises its feasibility to be exhaustively replicated across an extensive customer population.

Considering these restrictions, the concept of CRM is advocated as the next evolution of customer management by extending and enhancing conventional relationship marketing methods. Intuitively, CRM appears to be a simple and straightforward idea, but a quick review of existing literature will yield a number of different interpretations [80]. For some, CRM is the integration of marketing, sales and service functions through IT-enabled business process automation such that the value of each customer interaction can be maximized [67]. To others, it is merely an extrapolation of relationship marketing by accrediting the commercial firm's profits into the equation such that more resources can be devoted to profit-generating clients [26]. Taking a comprehensive view amidst these differing opinions, Pan and Lee [51] recommend that CRM should be perceived as a business approach involving the seamless fusion of people, process and technology in a manner which optimizes and strategizes the business's customer