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Review Article

Customer relationship management (CRM) towards service orientation in hospitals: A review

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ARTICLE INFO

Article history:

Received 27 October 2016

Accepted 11 November 2016

Available online xxx

Keywords:

CRM

Service orientation

ICT

Hospital healthcare

ABSTRACT

Customer relationship management (CRM) is significant for hospital services as it has been for any other businesses. A hospital helps in restoring and maintaining the health of the people. In healthcare facilities, CRM practices are mainly patient focused strategies which involve a combination of patient interaction and management of hospital interface which is effective. A CRM system is an innovative technology which makes the process of acquiring, developing and maintaining relationships with customers more effective and efficient. The benefits of CRM could be improved customer service, reduction in cost and better retention of clients.

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1. Introduction

Service in healthcare can be defined as a benefit which is intangible, and it cannot be physically viewed, felt, counted, touched or measured like other manufactured goods.¹ As the healthcare service is intangible, service quality depends on the customer, service process and service provider interactions. At times, it becomes difficult to provide the same service which can differ between customers, producers, time and places. This kind of heterogeneity may occur due to different types of professionals (such as nurses, doctors and physicians) delivery services to the patients having different kinds of varying needs. Services in the healthcare sector are produced and consumed simultaneously, and they cannot be stored to consume later. There are two other contributing factors, which are service delivery process and service provider interactions. It makes the

control of service quality difficult, as the patient is not able to judge the quality before consumption and purchase.²

2. What is service orientation?

Service orientation means to give a direction of the products and services an organization has to offer towards customer's welfare.³ With the consumers gaining more and more control and having a variety of choices in the healthcare industry, service orientation towards consumers is more important than ever. Many scholars think that service-oriented culture is a must in today's time for a successful organization.⁴ The aim of service orientation is to provide comprehensive and professional service items to the consumers. Service orientation helps in building customer-centric operations and also develops competitive advantages, hence improving the

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<http://dx.doi.org/10.1016/j.apme.2016.11.002>

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performance of the company and customer value. Also, the research conducted by scholars found out that customer-oriented companies can increase the value and customer satisfaction by meeting the expected demands of the customers and also by providing high-quality service. Service orientation can be conceptualized at three levels as strategic, individual and organizational.⁴ The individual level is concerned about whether an employee is more service-oriented as compared to the other staff members. Hogan et al.⁵ in 1984 defined service orientation as 'the disposition to be helpful, thoughtful, considerate and cooperative.'

The strategic level is business strategy related. Wu et al.⁶ stated that service-oriented companies are capable of actively providing professional and complete services to consumers throughout the whole service process. Homburg et al.⁷ even proposed that service orientation should be defined regarding three dimensions: (a) number of services being offered, (b) to how many customers these services are provided to and (c) how strongly these services are emphasized.⁴

The organizational level refers to whether the organization establishes and delivers excellent service and how it develops quality constructs. The organizational level differs from the strategic level in the sense that organizational level looks at establishing and planning processes whereas the strategic level mainly looks at how these services are being provided to the customers. Lytle & Timmerman⁸ defined service orientation as when organization's plan, pro-actively engage in, and reward service giving practices, processes and procedures that reflect the belief that service significantly affects the creation of superior value and excellent services.⁴

3. What is CRM?

Customer relationship management (CRM) is a combination of processes, people and technology that is seeking to understand the customers of the company.⁹ Today some definitions are available for CRM. According to Bose, CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction. More specifically, CRM involves acquisitions analysis and use of knowledge about customers to sell more goods or services and to do it more efficiently¹⁰ whereas Gartner¹⁰ defined CRM as a broad term and widely implemented a strategy for managing interactions with customers which involve using technology to automate, organize and synchronize business process – principally customer service, sales activities and marketing.

It is an approach which is integrated into nature and looks to manage relationships by focussing on relationship development and customer retention. Companies which are successful in implementing CRM will achieve long-run profitability and customer loyalty. To successfully manage, CRM implementation requires a balanced and integrated approach to technology.⁹

4. CRM in private hospital services

CRM which has had an important significance for businesses is also crucial for private hospital services. A hospital restores

and maintains the health of the patients. Preventive health-care, care of injured and sick people, training of medical and paramedical staff and health research are the general functions of a hospital. CRM is a management strategy that unites information technology like ERP with marketing for delivering better services. ERP stands for Enterprise Resource Planning. ERP is a software for business process management that helps the organization to use a system of the integrated application so as to manage their business and automate various functions related to services, technology and human resources.¹¹ These systems are complex information systems, and implementation can be high cost and difficult. CRM in private healthcare services includes communication services, strategic planning, database construction, consulting services, predictive segmentation, campaign management and communication strategies. CRM systems enable the company to gather and also constantly generate customer knowledge.

5. Role of ICTs

Since the last ten years, the focus on service across socioeconomic sectors coupled with transformational developments in ICTs has been increasing. The value of ICT to organizations involved in the service sectors has been recognized. ICTs are technological tools in the process of service delivery, which plays an important role to achieve efficiency and productivity. ICTs can also lead to new markets over time.¹² ICTs combine with resources such as knowledge and skills to help information to be repackaged and transported in various contexts to generate opportunities for innovation and service exchange.

6. Differences between CRM in public and private healthcare

There are major differences between the CRM in the public and private healthcare.

- 1) In public healthcare, there is no competition, and it is the responsibility of the government to provide healthcare services to their citizens whereas, in private healthcare, hospitals compete with other private hospitals to provide better services to patients.
- 2) Public sector deals with a large volume of patients, millions and billions whereas private sector deals with a relatively small volume, as only people having good money can afford these hospitals.
- 3) In public sector, there are huge numbers of heterogeneous services/uncontrollable due to political decision making; in private there are homogeneous/controllable quantities.
- 4) One size fits all approach is used in public sector whereas more of a personalized approach is employed in the industry.
- 5) There is a lack of human resources and also salaries are poor as compared to the private sector.
- 6) The healthcare services provided by public sector are not for profit whereas the private sector works towards profit orientation and maximizing the shareholder value.¹³

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