

## CHAPTER 1: INTRODUCTION

Customer Relationship Management (CRM) is a methodology that extensively employs information technology, particularly database and Internet technologies, to enhance the effectiveness of relationship marketing practices (Chen and Ching, 2004). It has been considered a vital tool for companies to coordinate all service functions (Chattopadhyay, 2001), automate customer service operations (Karimi, Somers, and Gupta, 2001), restructure all business processes (Bull, 2003; Couldwell, 1998; Chen and Popvich, 2003; Gurau, Ranchhod, and Hackney, 2003) and present a unified view of each customer to all those inside the enterprise (Chan, 2005).

Studies have shown that the use of a CRM system could affect the work patterns and employee behaviors and transform organizations from product orientation to market orientation with a strong focus on customer and market. However, prior researches mainly emphasized the influences of CRM on customer, market structure and the direct customer-interaction processes such as marketing, sales and customer services (Bose, 2002; Bull, 2003; Bygstad, 2003; Croteau and Li, 2003; Gefen and Ridings, 2002; Hansotia, 2002). Little attention was paid to changes in other value-generation processes such as R&D, production, logistics and fulfillment. The overall effect of the use of CRM on the value chain processes has not been examined; hence, no further information on the related management activities and linked performance is available. The lack of understanding on the impact of CRM on organizational behavior and processes has made the tangible and intangible value of CRM influence unclear and difficult to manage.

To build understanding of CRM effects on organizational behaviors and processes, this study strives to develop a model of CRM effects on employ work patterns, value-creation processes and performance. Management factors that affect the transition results are also studied. The model is developed based on literature review and content analysis. Further quantitative research is in progress for testing and enhancing the causal relationship among the CRM-affected constructs. Field interview was applied in the next step to collect data from five financial holding companies in Taiwan. Each financial holding company was deeply studied to understand the CRM operation and the company's background by means of signal case analysis. In order to discover commonalities and differences among cases, this study analyzed the correlations among cases and produced preliminary findings and confirmed propositions based on cross case analysis. Next step, this study phoned interviewees to verify preliminary findings. Expert interview was applied to get richer understanding of the linkage between industry practice and the findings. Finally, this study made conclusions based on verified findings and enhanced understanding of CRM use provide by industry experts.

The objectives of building the model have two folds: 1) to establish a framework with propositions about the chained effects of CRM on organizational performance and the influential management activities and 2) to develop a measurement instrument of CRM effects on market-oriented behaviors and performance.

The next section describes the model building process and the following sections present the model with main constructs and propositions explained.