Innovative Services and Customer Relationship Management System in Indian Health Care Sector

Dr. Ramesh Kumar Chaturvedi

Assistant Professor, Department of Management Studies, Gurughasidas Vishvavidalaya, Bilaspur, CG

ABSTRACT *Therefore, this paper presented the study being conducted to investigate the perception of the CRM systems in the private hospitals in the northern part of India as there is a lack of adoption of CRM systems in hospitals. Qualitative research approach that is interview based was adapted in the study. The management of 10 private hospitals in the northern part of India was interviewed. The results revealed no hospital has adopted CRM system. In addition, there is a substantial lack of understanding of the benefits of CRM systems in hospitals. Some hospitals claim that implementation of CRM system is not of their other hospitals indicated their willingness for adoption another issue is the high costs associated with the implementation of CRM systems.*

Introduction

Customer Relationship Management (CRM) has been defined as a business philosophy, a business strategy, and a business technology [1]. A wider definition of CRM that combine these views is "CRM is the philosophy, policy and coordinating strategy mediated by a set of information technologies, which focuses on creating two way communications with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns"[2]. For the healthcare organizations it is stated that "CRM is a method for healthcare providers to learn all they can about their patients and prospects, to communicate relevant, timely information to them, and to track results to make message and program adjustment as necessary" [3].

CRM system is defined as "a technology-based business management tool for developing and leveraging customer knowledge to nurture, maintain, and strengthen profitable relationship with customers" [4]. Previously, CRM system is also referred as "an enterprise information system that includes all business processes in sales, marketing, and after-sale service that involve the customer" [5].

CRM system may consist of three modules; (i) Operational CRM, (ii) Analytical CRM and, (iii) Collaborative CRM [2, 6]. Operational CRM system deals with automation and streamlining workflow at the front office include collecting data, processing transactions, and controlling workflow at the sales, marketing, and services [2, 6,7,8,9] where, the operational technologies are the customer facing application of CRM [10]. Analytical CRM system, on the other hand, is built on operational CRM and analyze customer data to create information about the customer segmentation, customer behavior, and customer value to the organization using statistical analysis tools especially the data mining [2, 6, 9, 10], while Collaborative CRM system focuses on customer integration using a set of interaction channels [2, 8, 11, 12] and working intimately with selected customers, suppliers, and business partners [6].

The roles of CRM systems in hospitals

The healthcare providers should consider that customers requiring multiple healthcare services can create lifelong value which is strategically and economically important for them [8]. CRM could be referred to as patient relationship management and it is not a popular concept among chief executives officers (CEOs) of hospitals [13]. Nevertheless, CRM systems play very important roles in hospitals. The following table 1 summarizes the most important roles. CRM systems could help hospitals in dealing with customers' complaints and educate patients about their current health status and ways to cope up with their illness.

This paper aims at investigating the perception of the benefits of the CRM systems in the hospitals of the Chhattisgarh and some districts of Madhya Pradesh states of India.

Table 1. CRM roles in hospitals

CRM Roles in Hospitals	Source
Optimizing revenues and improving patient health, relationships, and loyalty.	[3]
Could deliver greater Return on Investments (ROI) and it seems to be the perfect solution for the major problems at the healthcare industry.	[14]
An essential cost-effective approach to maintain long-term customer relationships.	[15]
Increasing the transparency of cost and resource allocation within the hospital.	[7]
The mapping of the documentation during the patients' treatment is one of the major cost reduction areas that the CRM systems have handled effectively in the hospitals	[7]
Reducing the costs associated with the no-shows or cancelled appointments.	[13]

Issues Found

There is an indication for a lack of studies of the CRM perception of organizational members [16]. Also a review of the literature reveals a lack of studies discussing the perceptions of organizational members of CRM [16]. For example, there exist a significant difference of CRM technologies perception among customers and organizations [17]. Additionally, the perceived benefits of CRM influence the CRM strategy adoption significantly [18]. The failure to understand the business benefits of the CRM system is one of the major causes of failure in CRM initiatives [19]. In essence, there is a lack of CRM system adoption in the healthcare organizations [7]. Therefore, benefits of CRM and its influence need to be empirically investigated.

Methodology

The scope of this study is to increase the understanding of how the management in hospitals perceives CRM systems. To achieve that, a qualitative research approach was used with interview based for the data collection. Data collection in the qualitative researches is mainly accomplished by

Tele-interviews as the main tool [2]. There are 26 private sector hospitals selected in the C.G. and some districts of M.P. states of India [21]. They are contacted by e-mail to gain their corporation in the study. Only 10 hospitals agreed to be a part of the study. Unfortunately, none of the 10 hospitals has a CRM system. Hence, the interview is developed to consist of four questions; (i) seeking for what they know about CRM and CRM systems; (ii) asking about the CRM application utilized in the hospitals; (iii) asking about the expected benefits from the usage of CRM system, and (iv) asking for the existing of future plan for the adoption and implementation of CRM system. The following section includes the discussion of the results of the study.

Findings
This section includes the discussion of the results of the interviews. The positions of the interviewed persons are general managers, deputy general managers, customer relation managers, human resources managers, MIS/IT managers, and training managers. The following will present the set of questions, where each question is followed by a summary of the responses collected from the interviews in the 10 private sector hospitals:

Question 1:"What do you know about Customer Relationship Management (CRM) and CRM systems?"
Their responses show a very shallow knowledge of CRM and CRM systems. A large portion of them asked the interviewer to explain to them the meaning of the concept of CRM and the purpose of CRM system. In general, they define CRM system as software for managing customers' relations or as method for managing customers' profiles.

Question 2:"What are the CRM applications can be used in your hospital?"
There is a consensus around the applications of gaining customer' feedback. On the other hand, only one hospital indicated for the likelihood of using sales management systems, customer care software, and service management applications.

Question 3:"Do you think that using CRM system in hospitals will return benefits? If so, what are they?"
All of the respondents expect that the system will return benefits, but they don't know all the benefits. Their understanding is limited to benefits such as better managing customer relations, increasing the ease of access to customer data, and increasing customer loyalty and satisfaction.

Question 4:"Do you have any plan for the future use of CRM system?"
Only two hospitals out of the ten hospitals have a future plan for the adoption and implementation of CRM system. Some of the hospitals indicated for the existing of other priorities in their hospitals such as the implementation of Electronic Medical Records (EMR). Another issue that is raised by a general manager of one of the hospitals is the ability to afford the costs and the expenses associated with the adoption and implementation of CRM systems in hospitals. Literally, he stated that "No hospital could afford the adoption and implementation of CRM system".

As a result, it becomes clearer that there is limited understanding of the CRM concept and low perception of the benefits associated with the implementation of CRM systems in the private sector hospitals in India. Here, the vendors of CRM systems should educate the management of hospitals regarding the expected opportunities and benefits of CRM systems. In addition, the vendors must offer better price value by offering CRM systems at reasonable prices leading to market penetration. On the other hand, the management of the hospitals must have willingness to learn and adopt.

Conclusion
In essence, the Indian private hospitals are divided into two types; the first one is ambitious toward the future implementation of CRM systems while, the other type have different priorities and do not have future plan for the adoption and implementation of CRM systems. Moreover, there is a limited understanding of the different CRM applications that could be used and applied in hospitals. In fact, both the vendors of CRM systems and the management of hospitals hold the responsibility toward the lack of adoption and implementation of CRM systems in hospitals. Therefore, each one of them has to work on his part to eliminate the barriers that prevent the implementation of CRM systems in hospitals.

REFERENCE 1. C. D. Pedron and A. Z. Saccol, "What Lies behind the Concept of Customer Relationship Management? Discussing the Essence of CRM through a Phenomenological Approach," Brazilian Administration Review (BAR), vol. 6, (1), pp. 34-49, Jan. 2009. | 2. Z. Lun, L. Jinlin, and W. Yingying, "Customer relationship management system framework design of Beijing Rural Commercial Bank," in IEEE International Conference on Service Operations and Logistics, and Informatics (SOLI), 2008, pp. 97-101. | 3. B. Ginger and V. P. Nancy, "Developing Patient-Based Marketing Strategies," Healthcare Executive, vol. 19, p. 40, 2004. | 4. B. Foss, M. Stone, and Y. Ekinci, "What makes for CRM system success or failure?" Journal of Database Marketing & Customer Strategy Management, vol. 15, (2), pp. 68-78, Jun. 2008. | 5. L. Bibiano and J. Pastor, "Towards a Definition of a CRM system life-cycle," in Proceedings of the European and Mediterranean Conference on Information Systems (EMCIS), Spain, 2006, pp. 1-8. | 6. D. Gefen and C. M. Ridings, "Implementation Team Responsiveness and User Evaluation of Customer Relationship Management: A Quasi-Experimental Design Study of Social Exchange Theory," Journal of Management Information Systems, vol. 19, (1), pp. 47-69, 2002. | 7. M. Raisinghani, "CRM systems in Indian hospitals: illustrations of issues & trends," Journal of Cases on Information Technology, vol. 7, (4), pp. 1-26, Oct. 2005. | 8. G. Zhang, Y. Chen, and C. Fu, "A study on the relation between enterprise competitive advantage and CRM based on data mining," in International Technology and Innovation Conference (ITIC 2006), 2006, pp. 1710-1714. | 9. J. Dyche, The CRM Handbook: A Business Guide to Customer Relationship Management: Addison-Wesley, 2002. | 10. A. Keramati, N. Mojir, and H. Mehrabi, "Prioritizing Investment in CRM Resources to Improve Performance: An Empirical Investigation," in International Conference on Information Management and Engineering (ICIME '09), 2009, pp. 330-334. | 11. M. Maleki and D. Anand, "The Critical Success Factors in Customer Relationship Management (CRM) (ERP) Implementation," Journal of Marketing & Communication, vol. 4, (2), pp. 67-80, Sep. 2008. | 12. T. S. H. Teo, P. Devadoss, and S. L. Pan, "Towards a holistic perspective of customer relationship management (CRM) implementation: A case study of the Housing and Development Board, Singapore," Decision Support Systems, vol. 42, pp. 1613-1627, 2006. | 13. T. Young, "hospital CRM: unexplored frontier of revenue growth?" Healthcare Financial Management (HFM), vol. 61, pp. 86-90, Oct. 2007. | 14. W. Rebecca, "Driving CRM Value in Healthcare," Health Management Technology, vol. 28, p. 48, Sep. 2007. | 15. R. Kohli, et al., "Managing customer relationships through E-Business decision support applications: a case of hospital–physician collaboration," Decision Support Systems, vol. 32, pp. 171-187, 2001. | 16. W. Reinartz, M. Krafft, and W. D. Hoyer, "The Customer Relationship Management Process: Its Measurement and Impact on Performance," Journal of Marketing Research (JMR), vol. 41, pp. 293-305, Aug. 2004. | 17. J. Richard, P. Thirkell, and S. Huff, "An examination of Customer Relationship Management (CRM) technology adoption and its impact on business-to-business customer relationships," Total Quality Management & Business Excellence, vol. 18, (8), pp. 927 - 945, Oct. 2007. | 18. E. Ko, S. H. Kim, M. Kim, and J. Y. Woo, "Organizational characteristics and the CRM adoption process," Journal of Business Research, vol. 61, pp. 65-74, 2008. | 19. M. Caldeira, C. Pedron, G. Dhillon, and L. Jungwoo, "Applying EA Perspective to CRM: Developing a Competency Framework," in the Third International Conference on Convergence and Hybrid Information Technology (ICCIT '08), 2008, pp. 1029-1034. | 20. N. K. Denzin and L. S. Yvonna, Collecting and interpreting qualitative materials. Sage Publications, 1998. | 21. The Association of Private Hospitals of India (APHI). (2010, 27 March). List of Members Hospitals. [Online]. Available : http://www.hospitals-India.org/index.cfmmenuid=4htm. |