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

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ABSTRACT

Therefore, this paper presented the study being conducted to investigate the perception of the CRM systems in 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.

KEYWORDS

Customer Implementation Relationship Management, CRM; CRM Systems; Perception; Adoption

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 combines 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
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 relations 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 a method for managing customers’ profiles.

Question 2: “What are the CRM applications can be used in your hospital?”

There is a consensus among 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.

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