

Chapter 66

Customer Relationship Management Adoption in Local Governments in the United States

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ABSTRACT

Customer Relationship Management (CRM) is part of the use of Enterprise Resource Planning (ERP) systems to transform government. This chapter examines the common characteristics of the New Public Management (NPM) and e-government models applying them to CRM adoption in local governments in the United States. Both of these models are commonly cited in the public administration literature as drivers of organizational reform and change. Some of the common characteristics of the NPM and e-government are examined with data from a survey of local government chief administrators. The results of this chapter indicated that more of the characteristics identified in the e-government literature were exemplified in CRM adoption in local governments. In addition, local governments that used more advanced CRM technology were more likely to report organizational changes from these models. The implications of these findings are that researchers should understand both the NPM and e-government principles as important for understanding organizational change.

INTRODUCTION AND BACKGROUND

In the public sector Customer Relationship Management (CRM) technology has the potential to transform governments (King, 2007). This

technology enables citizens to contact government using different channels such as the phone, email, web, and over the counter with a request for a service or information (Schellong, 2008). CRM can be integrated, meaning that the different contact channels use the same database, and

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through centralization this relieves the burdens of customer service from departments. CRM has the potential to create a seamless contact experience for citizens with their government, increasing citizens' satisfaction with government is a result of this technology (West, 2004; Welch, Hinnant, & Moon 2004). Essentially, CRM can create organizational change in public sector organizations. The transformation of government is part of the greater movement of e-governance to reform public sector institutions.

CRM systems are part of the larger area of research on Enterprise Resource Planning (ERP), which are integrated enterprise computing systems, providing seamless integration of all the information flowing through an organization (Kumar, Maheshwari, & Kumar, 2002). An ERP software suite like CRM uses an application to integrate processes across department or agencies and links them to a common data repository. Government organizations are increasingly adopting ERP systems for benefits such as integrated real-time information, better administration, and result-based management (Ward, 2006). However, public sector organizations, due to their social obligations, higher legislative and public accountability, face unique challenges in the transition to enterprise systems that the private sector (Kumar, Maheshwari, & Kumar, 2002). In the private sector, ERP has been adopted to achieve greater competitive advantage and profitability for the firms, which are much different incentives than the public sector. Research shows that ERP systems have not been able to deliver what vendors have promised, but they have been able to transform government by lowering costs, increasing performance, and improving customer service (Miranda & Kavanagh, 2005; Raymond, Uwizeyemungu, & Bergeron, 2006). Gullledge and Sommer (2003) applied private sector principles of ERP adoption to the public sector and found that these approaches worked. Other authors believe that there are similarities between the public and private sector in the implementation of ERP sys-

tems, but there are some critical success factors are different in the private sector (Frye, Gullledge, Leary, Sommer, & Vincent, 2007). Research shows that organizational culture, constructions of past technological implementations, relationship and knowledge management, and the existing power structures within the organization are key issues that the public sector must contend with in ERP adoption (Allen, Kern, & Havenhand, 2002). Research also shows that management support is important for successful ERP adoption in the public sector; therefore, organizational factors are vital to the adoption of ERP system (Crisostomo, 2008). Essentially, CRM is an important component of ERP systems and the movement of transforming government through e-governance.

This chapter examines CRM technology in local governments in the United States. Local governments' were chosen since they are an ideal case study of the adoption of this technology because citizens' initiate much of their contact with this level of government (Thomas & Streib, 2003). They might, for instance, contact local government to get information on office hours or conduct more advanced functions such as renewing a vehicle registration online. This chapter explores through survey evidence the impact of CRM on local governments, examining two common organizational change models noted in the public administration literature (Dunleavy, Margetts, Bastow, & Tinkler, 2006).

The first model examined is the New Public Management (NPM) model, which has its roots dating over twenty years with the movement of reforming government using business principles (Dunleavy & Hood, 1994; Hood & Peters, 2004). The focus of NPM was on improving performance of the organization by being responsive to the needs of citizens, essentially treating them as customers (Reschenthaler & Thompson, 1996). In the late 1990s, with the rise of the Internet as a popular tool for citizens to initiate contact with government, e-government model began to blossom (Milward & Snyder, 1996; Chadwick & May, 2003). Unlike

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