

CULTURAL DIMENSIONS AND CRM SYSTEMS: A STRUCTURATIONAL ANALYSIS

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Abstract

Cultural dimensions are often identified as a crucial influence on the success or failure of Information Systems in general and Customer Relationship Management Systems (CRM) in particular. Several researchers have suggested ways in which management can accommodate these dimensions or solve the problems they may pose. Ali & Alshawi (2005) have proposed a national cultural concerns framework for the management of CRM systems implementation in the multinational environment. In this paper the authors take one step forward to validate that framework by conducting a qualitative comparative case study in a large multinational organization in two countries. The authors have investigated the implementation of CRM systems within the same organization in Egypt and the UK. Using observation, document analysis and interviews, qualitative data has been extracted and has been used by the authors to develop a Structural analysis Walsham (2002) which based on the concepts of Structuration Theory Giddens (1979,1984). The authors propose a Structural analysis of their comparative case study to drive from that the cultural dimensions which may have impact on CRM systems implementation and operation in multinational environment.

KEYWORDS: CRM, National Culture, Qualitative, Case Study, Structuration Theory, UK, Egypt.

1 INTRODUCTION

In a competitive market, companies try to build a relationship with their existing customers as the cost of attracting new customers is higher than retaining these existing customers. To build a relationship with customer is a socio-technical process. The most important factor in that process is to understand how that customer values, norms, thoughts, perceptions, etc., are alike. Multinational organization deal with customers from many different cultures. CRM systems in multinational organizations are built to attract new customers, increase customers' value and retain customers, and in all cases these may be with different customers and from different cultures.

Hofstede's cultural dimensions are the most cited reference about culture within IS literature (McCoy 2003). Ali, and Alshawi (2005) have proposed a comprehensive cultural dimensions framework, including Hofstede's cultural dimensions, through a normative survey of the culture literature within and outside of IS literature. In this paper the authors test that framework by conducting a comparative qualitative case study in a large multinational organization in two different countries, Egypt and the

UK. In this paper, the authors develop a Structural analysis (based on concepts of Structuration Theory (ST) by Giddens (1979, 1984)) which will be used in future research to derive the cultural dimensions which may influence the CRM implementation and operation in a multinational environment.

The structure of this paper is as follows: in section two explores the problem background. It summarises literature about culture within IS, briefly explores the background literature on Structuration Theory within IS and then highlights Structuration Theory as a way of looking at social and cultural phenomena within the IS discipline. The research problem explicitly deals with social construction and so calls for an interpretative research approach which is detailed in section three. This includes a description of the qualitative comparative case study conducted in a commercial multinational company in Egypt and the UK. Structuration Theory (ST) is a well-developed theory of the social, which however, does not explicitly theorize information technology (IT), in section four; the authors propose the Structural analysis of each case study and compare between the different themes of each case study. Combining the resulting qualitative data analysis with ST allows the development of themes within each case study. This can be used, in future research, as a basis to validate Ali and Alshawi (2005) cultural dimensions framework for the management of CRM implementation and operation in the multinational environment. Finally, section five concludes with a summary and proposing directions for possible future research.

2 RESEARCH BACKGROUND

The literature on culture provides a set of general concepts and ideas as a way of looking at the world. However, the typologies of culture have inherent weaknesses e.g. they do not reflect the variety of values and attitude that may exist in a country, nor do they explain how cultures have developed over time. These limitations will need to be borne in mind, when considering the potential impact of culture on the use of information systems, particularly CRM systems (Skok and Legge 2001).

Stahl (2003) distinguished between two different dimensions of culture. The first proposes that different cultures are fundamentally and possibly irreconcilably different, whereas the second proposes that all cultures share some universal attributes. These two ideal-typical positions appear to be different shades of grey. Stahl has concludes that, despite obvious difference in cultures, there are similarities that are based on human nature. There are three identified types of culture that are of relevance (Ali & Alshawi, 2004a). First, there is culture that a society shares (national culture), a set of core values that shape the behaviour of individuals as well as the whole society which is the focus of this paper. Second, there is the culture on a smaller level, namely organizational culture, which the shared norms between the staff of the organization which is partly influenced by the national culture (Adler 1997; Bagchi and Cerveny 2003). Third, there is the individual level of culture 'personality', as shown by Dorfman and Howell (1988) in their investigation into the effects of national culture on individual behaviour, e.g. technology acceptance, which influences the customer behaviour even in the opposite direction that the national culture is pushing.

2.1 Culture Dimensions

Hofstede's dimensions of culture are often adopted in cultural IS research (McCoy 2003), because they are the most widely cited and used. Given the critiques of Hofstede cultural dimensions, it can be seen as only one way of looking to culture within the IS discipline (McCoy, 2003; Ali and Alshawi 2004a, 2005). The authors argue that studying the potential impact of culture on the CRM systems implementation and operation requires a deeper analysis of culture, than Hofstede has provided. The authors, in this paper, use concepts of Structural Theory by Giddens (1979, 1984) to explore the impact of cultural dimensions (as proposed by Ali and Alshawi 2005) on CRM implementation and operation within a multinational environment. Walsham (2002) stated that Structural analysis could be used to analyze differences in cultural sub-groups and even individuals.

Ali & Alshawi (2005) proposed many cultural dimensions in their framework for the management of CRM implementation and operation in the multinational environment. A summary of these cultural dimensions and their definitions are shown in Table 1.

Culture Dimension	Definition
Uncertainty avoidance (UA) (Hofstede, 1980, 1983, 1994a; Trompenaars, 1993)	Degree to which people in a country prefer structured over unstructured situations: from relatively flexible to extremely rigid.
Power Distance (PD) (Hofstede, 1980, 1983, 1994a)	Degree of inequality among people, which the population of a country considers as normal: from relatively equal to extremely unequal.
Masculinity/femininity (MF) (Hofstede, 1980, 1983, 1994a)	Degree to which "masculine" values like assertiveness, performance, success and competition prevail over "feminine" values like the quality of life, maintaining warm personal relationships, service, caring, and solidarity: from tender to tough.
Individualism/collectivism (IC) (Hofstede, 1980, 1983, 1994a)	Degree to which people in a country have learned to act as individuals rather than as members of cohesive groups: from collectivist to individualist.
Confucian Dynamism (Hofstede, 1994b)	Degree to which people in a country promote collective welfare and harmony, resulting in psychological collectivism.
Universalism-Particularism (Trompenaars, 1993)	Degree to which people in a country compare generalist rules about what is right with more situation-specific relationship obligations and unique circumstances
Neutral vs. Emotional Relationship Orientations (Trompenaars, 1993)	Degree to which people in a country compare 'objective' and 'detached' interactions with interactions where emotions is more readily expressed.
Specific vs. Diffuse Orientations (Trompenaars, 1993)	Degree to which people in a country have been involved in a business relationships with in which private and work encounters are demarcated and 'segregated-out'
Achievement vs. Ascription (Trompenaars, 1993)	Degree to which people in a country compare cultural groups which make their judgments of others on actual individual accomplishments (achievement oriented societies) with those where a person is ascribed status on grounds of birth, group membership or similar criteria.
Conservatism vs. Affective/intellectual autonomy (Schwartz, 1994)	Degree to which people in a country emphasis maintenance of status quo (Conservatism), or emphasis creativity or affective autonomy emphasis the desire for pleasure and an exiting life.
Hierarchy vs. Egalitarian (Schwartz, 1994)	Degree to which people in a country believe in freedom and equality and a concern for others (Egalitarian), vs. emphasis the legitimacy of fixed roles and resources (Hierarchy)
Harmony vs. Mastery (Schwartz, 1994)	Degree to which people in a country concerned with overcoming obstacles in the social environment (Mastery) vs. concern beliefs about unity with nature and fitting harmoniously into the environment.
Communal Sharing Relationships (Fiske, 1992)	Degree to which people in a country see the members of a particular group as equivalent and undifferentiated. Group members favour their own group, and can be highly hostile to those outside that group (this concept is so close to Hofstede's notion of Collectivism).
Authority Ranking Relationships (Fiske, 1992)	Degree to which people in a country involve a linear ordering of relations, with people high in rank having not only prestige, privileges and decision-making rights, but also possibly some responsibility for those lower down the hierarchy(this concept has an overlap with Hofstede's notion of power distance).
Equality Matching Relationships (Fiske, 1992)	Degree to which people in a country stress equality in social relations. People here are aware of where imbalances occur and, operating under the norm of reciprocity.
Market Pricing Relationships (Fiske, 1992)	Degree to which people in a country think in terms of prices and investment.

Table 1: A Framework of Culture Dimensions (Ali, &Alshawi 2005)

2.2 Culture, Structuration Theory and IS

The theoretical basis for this paper draws on Structuration Theory by Giddens (1979, 1984). This theory has been highly influential in sociology and the social sciences generally (Walsham, 2002). In addition, it has received considerable attention in the IS field (for a comprehensive review see Jones 1998). The focus for this paper however, will be on how Structuration Theory can offer a new way of looking at cross-cultural research and information systems. A summary of key points as Walsham (2002) proposed it, is provided in Table 2.

Structure	Structure as memory traces in the human mind Action draws on rules of behaviour and ability to deploy resources and, in so doing, produces and reproduces structure Three dimensions of action/structure: systems of meaning, forms of power relations, sets of norms IS embody systems of meaning, provide resources, and encapsulate norms, and are thus deeply involved in the modalities linking action and structure
Culture	Conceptualized as shared symbols, norms, and values in a social collectivity such as a country Meaning systems, power relations, behavioural norms not merely in the mind of one person, but often display enough to speak of them being shared But need to recognize intra-cultural variety
Cross-cultural contradiction and conflict	Conflict is actual struggle between actors and groups Contradiction is potential basis for conflict arising from divisions of interest, e.g. divergent forms of life Conflicts may occur in cross-cultural working if differences affect actors negatively and they are able to act
Reflexivity and change	Reproduction through processes of reutilization But human beings reflexively monitor actions and consequences, creating a basis for social change

Table 2. *Structuration Theory, Culture, and ICTs: Some Key Concepts (Giddens, 1979, 1984; Walsham, 2002)*

3 RESEARCH APPROACH

3.1 Research Problem

Following on the cultural dimensions framework proposed by Ali & Alshawi (2005), this study aims to validate that framework through conducting a comparative case study for CRM systems implementation within a large multinational private organization. The authors, in this paper, focus on developing a Structural analysis for CRM implementation for each case study in the two countries namely Egypt and the UK. This Structural analysis will be the base, in the future research, to validate the cultural dimensions framework proposed by Ali and Alshawi (2005) for CRM implementation and operation within multinational environment.

3.2 Research Methodology

The case study is one of several ways of doing social science research. A case study has a distinct advantage this is when “a ‘how’ or ‘why’ question is being asked about a contemporary set of events over which the investigator has little or no control” (Yin, 1994). In this research the aim is to explore the potential cultural and social issues for CRM, therefore a qualitative case study is most appropriate for this kind of research. For more details of culture issues related to CRM systems refer to Ali & Alshawi (2004a). The authors use an interpretive approach to look at culture phenomena via the lens of the Structural perspective (Walsham, 2002). For more details about using a Structural analysis for studying the potential impact of culture on CRM refer to Ali & Alshawi (2004b). The aim

for this research is to make sense of the whole, and of the dynamic relationships between the organization, the CRM users, customers and other actors. From an understanding of this, a Structural analysis can be used as a lens to show where problems reside, how potential solutions can be identified and how wider institutional issues relate to actors and vice-versa. For case studies design and protocol refer to Ali et al. (2006).

3.3 Data Collection

The authors have conducted two case studies in the same multinational organization but in two countries namely Egypt and the UK. The authors have chosen a large multinational private organization which has a branch in each country. The authors have interviewed staff in four departments in the organization. That includes Customers Operations Management, Marketing Management, Retail Management, and IT. Also, CRM team which was located within IT department in Egypt case but in marketing department in UK case. These areas has been identified as the touch points of customers and thought to be important for this research. The authors have summarised the work done in each case study in table 3.

	Egypt Case Study	UK Case Study
Organization Information	Egyptian branch of a large multinational private organization	British branch of the same multinational private organization
Departments	CRM, Marketing, Retail, and customer Services	CRM, Marketing, Retail, and Customer Services
CRM Technology Solution	Siebel CRM solutions	Clarify CRM Solutions
CRM Phase	Acquisition Phase	Retention Phase
CRM types	Operational CRM, Collaborative CRM, and analytical CRM	Operational CRM, Collaborative CRM, analytical CRM, and e-CRM
CRM staff	Within IT team	Within Marketing team
CRM Concept	“To have a full picture of our customers in every transaction at any touch point with the organization” CRM manager 2005	“To enhance customer satisfaction through identify customers needs’ and expectations and provide a consistent customer experience” Customer Insight Manager 2005
Source of Information: Observation	Observe the work environment and the staff of the organization. Observe customers in Stores, on Call centre, and in public areas	Observe the work environment and the staff of the organization. Observe customers in Stores, on Call centre, and in public areas
Source of Information: Semi-Structured Interviews	CRM manager (1), CRM staff (9), IT manager (2), IT staff (4) Customer Operations manager (1), Customer Operations staff (2), Marketing staff (5), Retail manager (1) , Retail staff (2), customers (16)	CRM manager (1), CRM staff (4), Customer Operations manager (6), Customer Operations staff (10), Marketing manager (5) Marketing staff (10), Retail manager (1) , Retail staff (3), customers (16)
Source of Information: Documents and CRM Systems Analysis	Operational CRM, Collaborative CRM, Intranet and Organization Web Site	Operational CRM, Collaborative CRM, Intranet and Organization Web Site
Customer Touch Points	Call Centre, Store, and Web, WAP	Call Centre, Store, and Web, WAP

Table3. Case study Structural Analysis in Egypt and the UK (Yin, 1994)

The researchers have investigated the CRM implementation and operation within the same organization in two countries, and the perception of the organization staff has been varied concerning how far it is a successful CRM. In the Egyptian site, the organization staffs were very confident about their CRM implementation success. They refer to the growth rate of their market share as an indication of success, also the high rate growth of the organization profit. Also, they refer to the external customer satisfaction research surveys results to support their argument that the organization is customer focused. In the British site, the organization staffs were confident about their CRM

Implementation success but they mention that there are still things to enhance. They refer to other competitors being behind their shoulders as a threat of their leadership in the market. Also, they were saying that they are far from being customer focused but they are getting there and they refer to the internal customer satisfaction index to support their argument.

4 STRUCTURAL ANALYSIS

The authors in the figure 1, and figure 2 display their initial Structural analysis of the shared structure between people living in each case study in Egypt and UK. The authors provide a Structural analysis of the CRM implementation and operation in the multinational organization in Egypt in figure 1, and then they provide their Structural analysis of the same organization but in UK in figure 2.

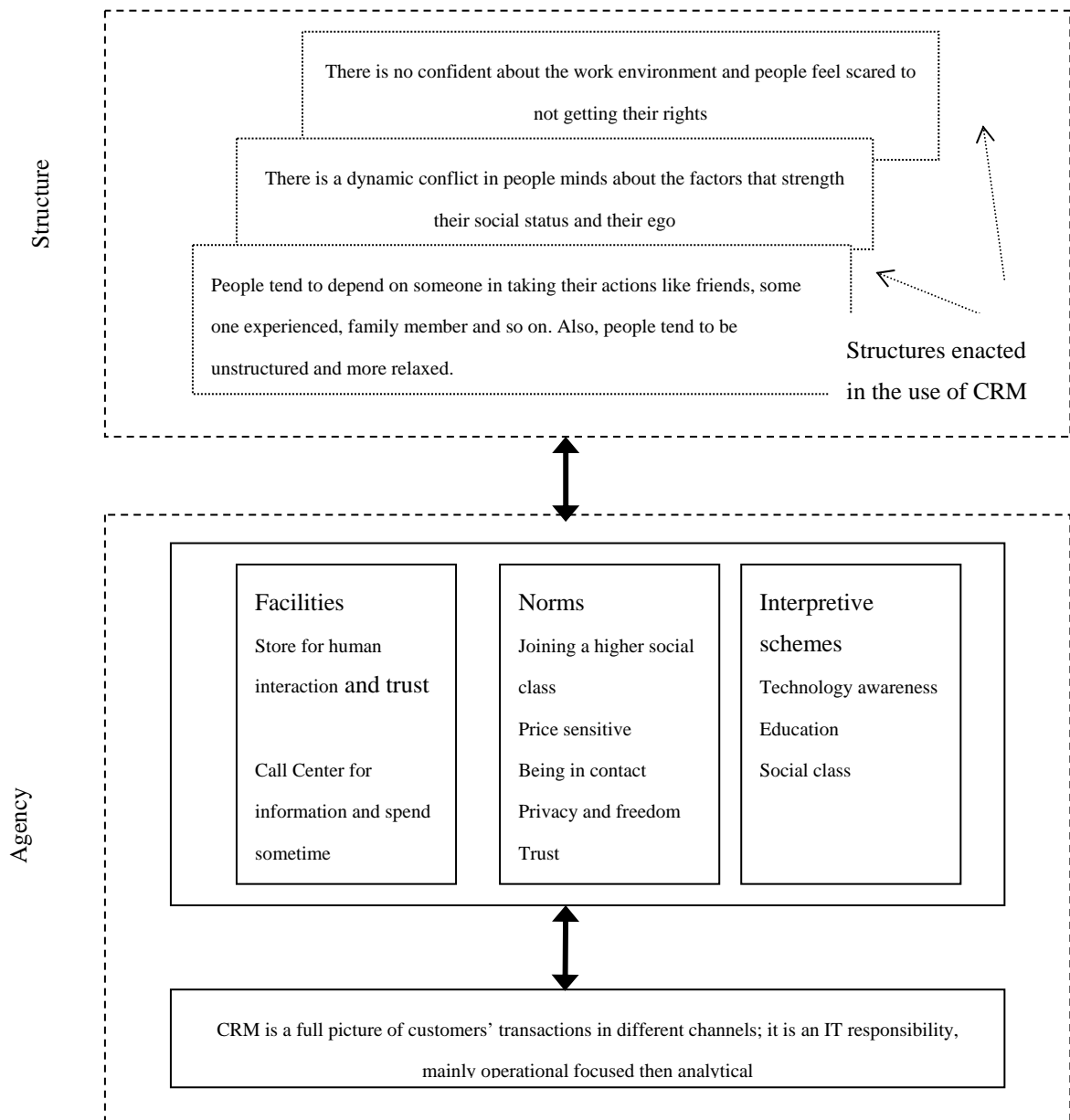


Figure 1. Structural analysis of the CRM implementation and operation in the multinational organization in Egypt (Orlikowski, W. 2000)

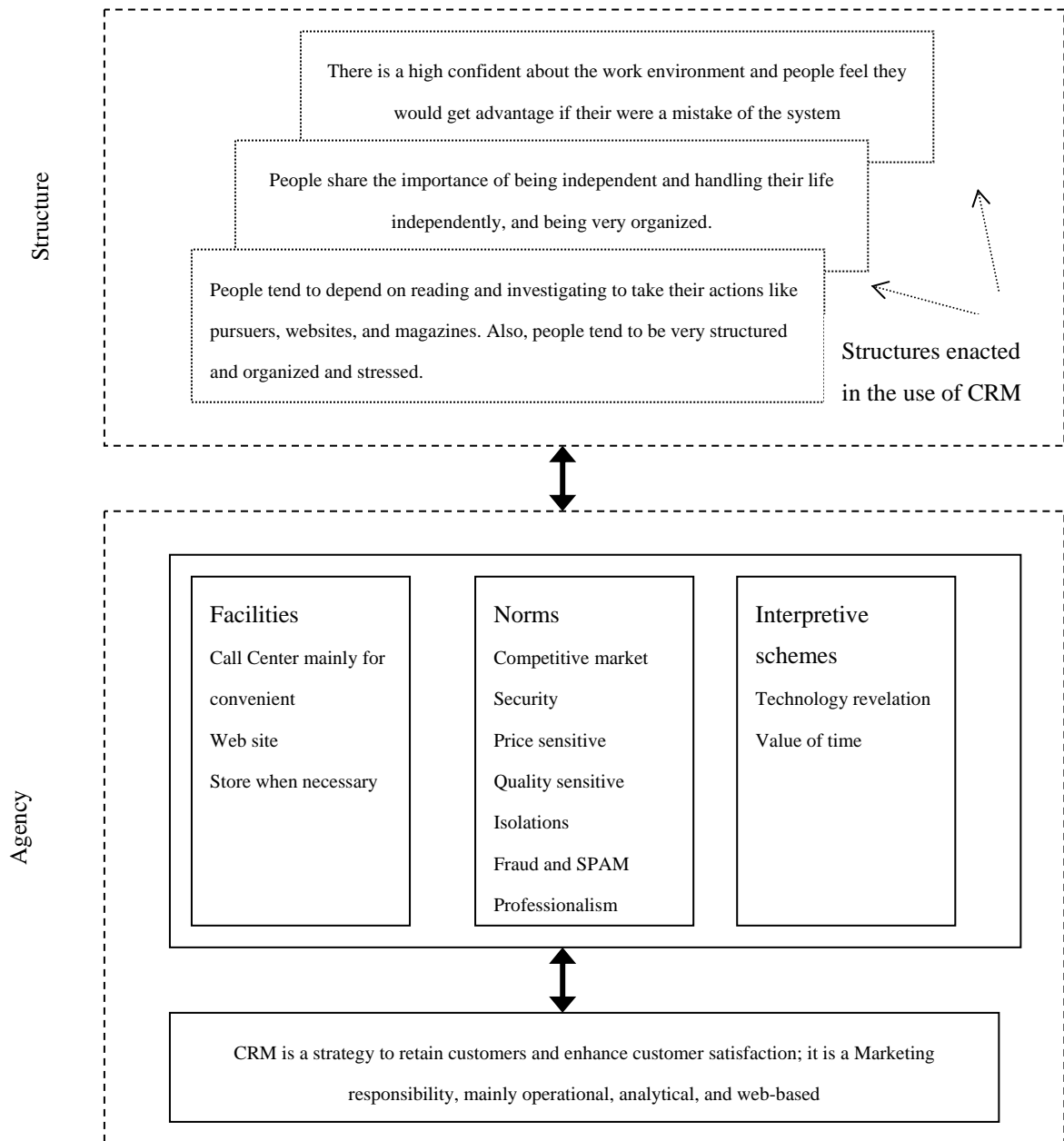


Figure 2. Structural analysis of the CRM implementation and operation in the multinational organization in UK (Orlikowski, W. 2000)

As shown in each case study structural analysis, there is a contrast between the two case studies. For example, there is a confidence of the system in the UK, while on the other hand there is a scarcity of the system and feeling worried in the Egypt case. That issue would be more investigated in the future research to explore the cultural dimension that affects the behavior of people in each country. The authors would use this structural analysis in future research to derive the cultural dimensions which influence the CRM implementation and operation in the multinational environment. In future research, the authors will propose the validation for Ali & Alshawi (2005) cultural framework for CRM implementation and operation in multinational environment.

5 SUMMARY AND FUTURE RESEARCH

The authors identified different cultural levels and different cultural dimensions within the IS discipline. The authors argue that Hofstede's cultural dimensions which is the most cited study used in IS discipline is not appropriate for studying the potential cultural impact on CRM implementation and operation in multinational environment. The authors propose Structuration Theory as another perspective to study culture issues in IS discipline. The authors have conducted a comparative case study in a multinational organization to investigate the potential impact of national culture on CRM systems. The initial Structural analysis of the comparative case study shows that, there are cultural dimensions which play a role in each society and CRM implementation and operation in multinational environment. In future research, the authors are going to use various qualitative research data analysis mainly soft systems methodology to coding their data, and develop the different themes of each case study, which would provide a framework of cultural dimensions that may have influence on the CRM implementation and operation in multinational environment.

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