

ADOPTING CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN HIGHER EDUCATION INSTITUTIONS (HEI): CASE STUDY OF MUET, JAMSHORO

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ABSTRACT

The notion of Customer Relationship Management (CRM) has gained substantial attention in the fields of business and education. However, this topic has not been adequately addressed in the context of higher education institutions of Pakistan. This research endeavour aims at highlighting the necessity of CRM implementation in the Pakistani higher education institution through identifying students' needs/problems as a cardinal point. The study sample was drawn from the students of Mehran University of Engineering and Technology, Jamshoro and the data from participants were collected in two phases in terms of identification of students' needs/problems and the significance of implementation of CRM. This research explores key issues related to student services in relation to enhancing students' positive experience in order to increase their loyalty and satisfaction, which in returns could increase students' productivity as well as the profitability of the university.

Keywords: *Customer Relationship Management, Higher Education Institutions (HEIs), Loyalty, Student.*

1) INTRODUCTION

The increased emphasis on universities to become entrepreneurial in nature pushes universities to provide customer care and also to retain customers (Mokhtarian, 2013). Due to increased pressure on Higher Education Institutions (HEIs), they have realized the value of their customers. With the significant paradigm shift in the education sector worldwide, institutions are constantly looking for ways to capitalize on technology and enhance the effectiveness of their customer (student) relationship. This raised a need to manage students as principal customers of higher education institutions. Although, the idea of CRM is not novel in higher education institutions of developed countries, however, the significance and relevancy of CRM have not been properly evaluated in HEIs of developing country and the Pakistani HEIs are also not the exception. Primarily, the CRM is a Customer-focused business strategy that proposes to increase customer satisfaction and customer loyalty by providing a more responsive and customized services to each customer (Croteau and Li, 2003).

Moreover, CRM is treated as a technology to strengthen strong ties with the customers (Hsieh, 2009) and encompasses three main components: people, process and technology to contribute towards success. These three elements need to be integrated through careful consideration by top management in order to achieve customer's satisfaction (Jones, 2005).

It has been argued that a successful CRM carries the weightage of 70%, 20% and 10% respectively for people, process and technology (Limayem, 2004). Mainly, the CRM needs a plan which includes a collection of processes that match the needs and wants of the university and students (Schmitt, 2003). IT applications can be applied to create customer 'empowerment' that could ultimately result in customer satisfaction (Muther, 2002). This research is particularly focused on students' needs in relation to conceptualise them HEIs principal customers since HEIs are fundamentally developed to generate quality students. In general, public universities in Pakistan have a weak CRM system to manage the ongoing relationship with enrolled students, alumni, faculty & administration; such as lack of online submission of forms, electronic data management system, etc.

2) LITERATURE REVIEW

2.1) Role of CRM in HEIs

Business organizations are significantly dependent on CRM. This has a leading contribution in the service organization, like customer acquisition, giving the services required by the customer and maintaining the cost for long period in order to improve the revenue for the organization (Boyd, 2012). In terms of HEIs, the institute may encounter specific issues at various stages of students life cycle, but the timely follow-up, maintaining the record of student's history, avoiding duplications, customized communication with concerned departments and students are supposed to be the universal problems in view of student's and institution's information. Overall, these problems could result in inefficiency to keep track of process leading to opportunity and productivity losses (Dutta, 2010).

With the rapidly changing scenario students are becoming more aware of their customer rights and of the gap between their hopes of service deliverance and the reality of that service (Jones et al., 2003). Students who are paying for their education are demanding more support services and expect a university as a service provider to provide the same quality, satisfaction and trust they enjoy from a typical commercial enterprise (Meyer and Hoffman, 2007). In this regard, Nicolescu (2009) explains that in the field of higher education, students act as primary stakeholders, therefore, the need for an organized system in terms of managing and monitoring the relationship between universities and students is obvious. Notably, at present, when it has been forgotten to build an interaction with students, CRM could help universities to positively interact with their students (Daradoumis et al., 2010). A CRM also automates processes and communication in order to reduce administrative tasks and to simultaneously guarantee that student privacy is protected (Bradshaw and Brash, 2001). HEIs which aim to gain a competitive edge in future may need to begin searching for effective and creative ways to attract, retain and foster a stronger relationship with students through proper implementation of CRM for improvement (Gibby, 2010).

As discussed above, CRM in universities can be utilized in order to build and manage relationships between educational institutions and their students who play the role as customers. For instance, Kotler and Fox

(1995) have stated that “American universities have taken much from business, including improved budgeting systems, endowment investing, financial management procedures and increased professionalization of human resource management roles which have made them borrow relevant business concepts and adjust them to their roles in pulling resources to their foundations”. That is why most educationalists nowadays have been learning to be more mindful of their operations in a business-like manner. Similarly, the higher education sector in Australia is becoming increasingly competitive, driven by government policy and stakeholder expectations. In this environment, Australian catholic university (ACU) is seeking to increase its focus on “students” and develop competitive advantage through customer relationship management (CRM).¹

2.2) Need for CRM Implementation in MUET

In recent years, HEIs are surrounded by many challenges and among them, students’ loyalty has emerged as one of the critical factors to achieve success. According to Webb and Jagun (1997), the measurement of the students’ willingness to recommend the institution to others students and to talk positively about the institution is the concept of the student’s loyalty. Primarily, student loyalty has a vital role in the success of the HEIs up to the end of student’s degree completion as well as in the attraction of the new students towards the institution (Soedijati, 2013). Regarding the benefits of good university-student relationships, Emery et al (2001) remarked that the student-satisfaction directly correlates to larger enrolments. This refers that happy student stays in the university, so retention rates remain high; happy students communicate positive words to their acquaintances, so recruitment numbers turn higher. Overall, the lack of empirical research related to the CRM practices in public universities of Pakistan in general and in MUET, in particular, motivated this research. In this regard, this research endeavour aims to achieve the following objectives:

- 1) To identify the need for implementation of CRM practices at MUET.
- 2) To investigate the parameters for improving service quality practices for students’ of MUET.

¹ http://www.acu.edu.au/staff/our_university/projects2/crm-program

- 3) To recommend the model for the accomplishment of students' needs in MUET.

3) RESEARCH METHODOLOGY

In order to identify students' needs for the implementation of CRM, firstly a pilot study was conducted. The pilot study includes students responses pertinent to different issues/problems faced during the process of obtaining No Dues Certificate. Later on, on the basis of the RATER factors (Reliability, Assurance, Tangible, Empathy and Responsiveness), which were invented by Dr. Leonard, the questionnaire was developed to identify the gaps pertinent to the provision of quality services regarding People, Process and Technology. These gaps were identified through literature in alignment with RATER scale (see Table 3.1) and the questionnaire items are presented in Table 3.2.

Table 3.1: Gaps Identified from Literature

Dimension	Author
People	Limayem (2004)
Process	Chen and Popovich (2003)
Database integration Information systems	Aksin and Harker (2001)
Technology	Muther (2002)
Database management system	Daradoumis et al. (2010)
Personalized Communications	Gupta (2005)
Online system	Gupta (2005)
Management of student's record	Kannan (2001)
Customized Service	Gupta (2005)

Table 3.2: RATER Scale

Reliability The ability to provide what was promised, dependably and accurately	The current system provides channels to enable ongoing two-way communication (university to student and student to university) with key students.
	University provides acknowledgement of documents submitted.
Assurance The knowledge and courtesy showed to customers, and the ability to convey trust, competence and confidence	University should give its staff/employees some training and workshop about improving the service for the students.
	I face availability of update about sudden changing in bus timings.
	There is the availability of update about sudden strikes.
	I prefer an online system to get exact time table of the class schedule.
	I would prefer attendance record to be uploaded to my log-in page.
	I prefer assignment marks upload on my log-in page.
Tangible The appearance of physical facilities, equipment, personnel, printed and visual materials	I am fed up with old queue system for Challan submission.
	There should be an online system to submit admission fees/challan.
	There should be an electronic system to store students' data.
	One window operation for admission process as necessary.
	I use email service to know about the status of my application.
	I use phone service to know about the status of my application.
	Every student should have a log-in account.
EMPATHY The degree of caring and individual attention is shown to customers	Staff/employees treat applicants and students as a valuable customer.
	The institution is maintaining good services regarding admission.
	Staff/administration provide accurate degree programme details.
Responsiveness The willingness to help customers promptly	There is the availability of update about sudden changes in time tables of classes.
	I prefer an online system to get exact time table of the class schedule.
	I would prefer attendance record to be uploaded to my log-in page.
	I prefer assignment marks upload on my log-in page.

As this research is about the university and student relationship, a quantitative approach is used for this study to identify the needs and problems of students, which they have faced due to lack of better services in university, so through questionnaire data is collected from students and then analysed by SPSS.

The questionnaire was distributed to undergraduates and postgraduate students of MUET. Out of 500 questionnaires distributed, 263 questionnaires were received. Afterwards, the reliability test Cronbach's alpha was used, as a measure of internal consistency. According to Field (2005), the consistency values of Cronbach's alpha should lie between 0.7 and 0.8. The value less than 0.7 refer to unreliable and greater value refers to the high grade of consistency (Steven et al., 2002). The Cronbach's Alpha value of data scored at 0.805 for the 22 items, which shows a high reliability of the questionnaire. After achieving reliability, data is analysed by frequency technique in SPSS.

4) RESULTS AND DISCUSSION

4.1) Pilot Field Study for Identification of Students' Needs

In order to understand the need for implementation of CRM, initially, student responses were obtained regarding their experience pertinent to practices followed in terms of receiving No Dues Certificate from the university. In this regard, data collected from students revealed that in current system student faces many problems due to lack of better services.

For example, in the process of clearance certificate, students highlighted many issues, such as:

- 1) Collection of challan of Rs. 20 from examination department.
- 2) Submission of challan entails an additional cost in terms of time and money, as admin department is at a far distance from the bank.
- 3) Successful submission of challan in the bank leads to admin block again to collect No-dues form to be further validated respectively for annual fees from belonging department of the student, considering initial verification from seminar library also. Though, the process itself takes a couple of days, usually 2 to 3 days for verification.
- 4) Getting done from the seminar library, students required to get it further verification from Directorate of Sports, ELDC, Workshop and

- Hostel, which is a process of 1 to 2 days, considering focal person to be present at moment, however the process might take additional days in terms of absence or non-availability of concerned officers.
- 5) This continues until the student have had verified positively from examination department to better validate the fees records to endorse the non-faculty status of students and after a process of 2 to 3 days it has to be ultimately endorsed from the department.
 - 6) Ultimately students need to visit their concerned department to lastly get signatures from chairman or directors of departments, which concludes with receiving a clearance certificate to be submitted to examination department.
 - 7) A dedicated dozen of slightly more days is required to be verified from university to be eligible for complete consideration of bearing “No-Dues” on behalf of students.
 - 8) Nonetheless, the process takes additional days if a focal person is not available on the seat.

In general, the whole process of getting clearance certificate is much time taking, as it takes about 12 to 15 days for completion, as all the departments are very far away from each other and if the focal person is not available at the department this process might become even lengthier and might takes more time for completion leaving students frustrated. The same is mapped in figure 4.1. After gaining information regarding the main issues faced by the students in acquiring NO dues certificate, an attempt was made to identify the factors through which CRM can be easily adopted in MUET.

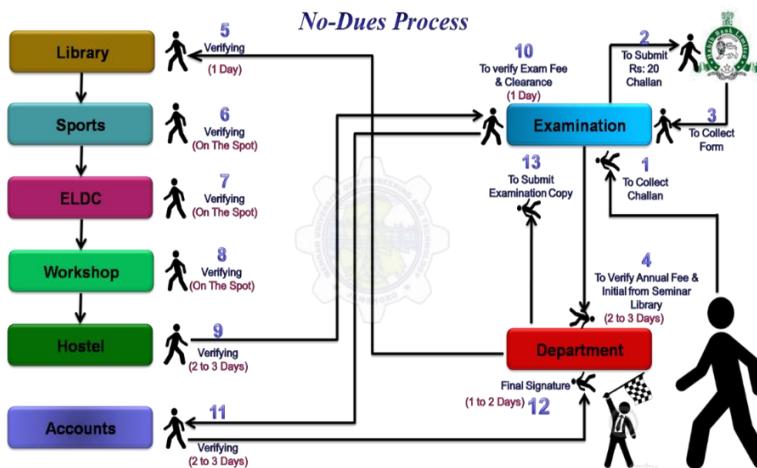


Figure 4.1: No-Dues Process

4.2) Parameters for Successful Adoption of CRM for Improving Service Quality Practices in MUET

There is limited research has been conducted in Pakistani HEIs especially in the context of public universities regarding how to manage or efficiently enhance the students and university relationship. This research highlights that MUET's existing CRM system has a lot of space for improvement, for example as identified in the process of acquiring No dues certificate. Hence, the data collected through survey questionnaire (Table 3.2) following identified important parameters needed for successful adoption of CRM in MUET:

4.2.1) Online System

The online system of form submission is the easiest way in which time and money of student could be saved because it offers easy access to customers for online transactions (Gupta, 2005). Figure: 4.2 reveals that majority of the respondents agreed on that there should be an online system in MUET. The traditional manual system of form submission is an old system that is costly and time consuming. The finding of this study shows that there is no effective procedure in the current manual system due to which students become frustrated.

4.2.2) Customized Service

It has been emphasized that the communication can be customized with students for improving the services for specific students (Chen and Popovich, 2003).” In this regard, Figure 4.3 shows the result of the respondent, the majority of student responds that customized information should be given to students in relation to their individual cases. The finding of this study reveals that there is a need for students to get customized information services.

4.2.3) Data Management System

Literature supports that “Electronic data management system collects and store large amounts of information about the characteristics and behaviours and improve the efficiency of students' learning process (Daradoumis et al, 2010).” The finding of this study revealed that in the manual system there is no effective system of data management and this

highlights the necessity of electronic data management system. Figure: 4.4 shows that total 95% (42% strongly agreed, 53% agreed) of student responds that there is a need for electronic data management system. In MUET administration, the current systems of data management are very time to consume. To store all data on paper/excel sheets obliges more staff because of manual works data can be missed, duplicate or an error can be occurred. In contrast, Electronic data management system could reduce the paper work, save the time and money, easily storage and retrieval of data and has been proved to be the environment friendly.

4.2.4) Integration of Information System

In the current system, each department stores data on paper/excel spreadsheet. this system is time consuming, effortful and critical, there is limited understanding about meeting inter-departmental targets, as per literature endorsed that in university there is a huge gap between teaching staff and universities administration and management process, this can be the cause of loss of significant information in such type of situation (Chopra, 2013).

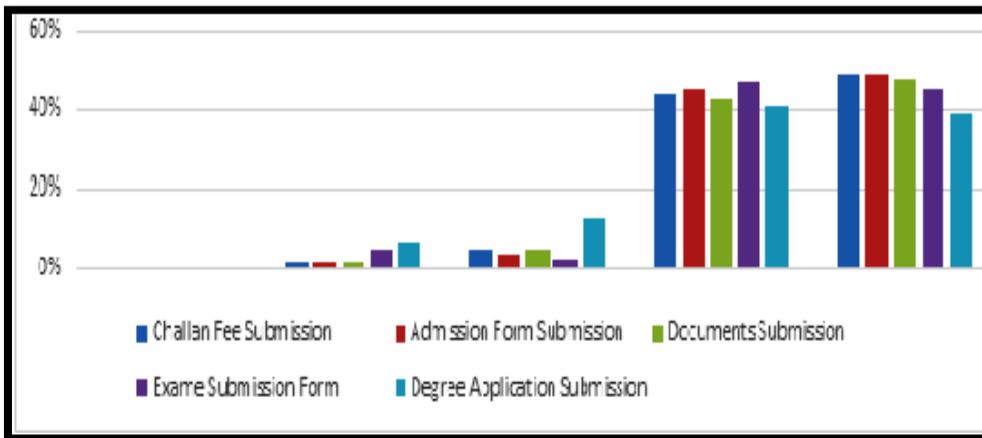


Figure 4.2: Online System

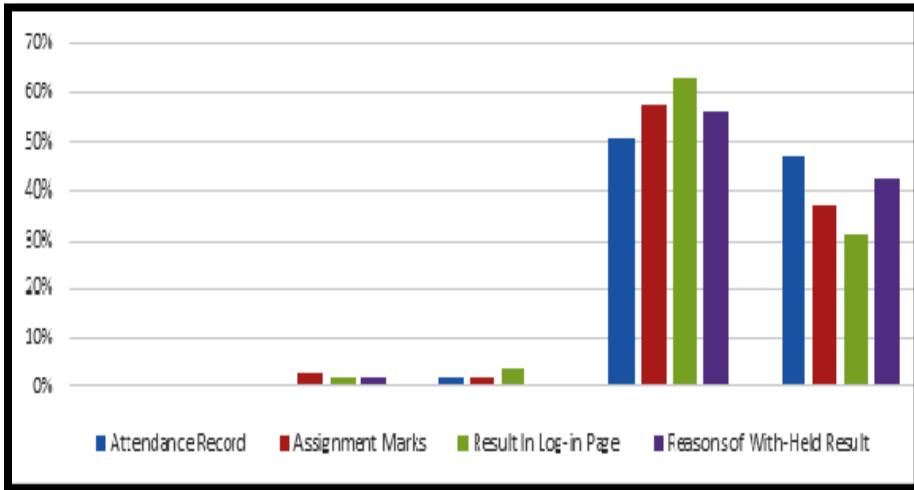


Figure 4.3: Customized Information System

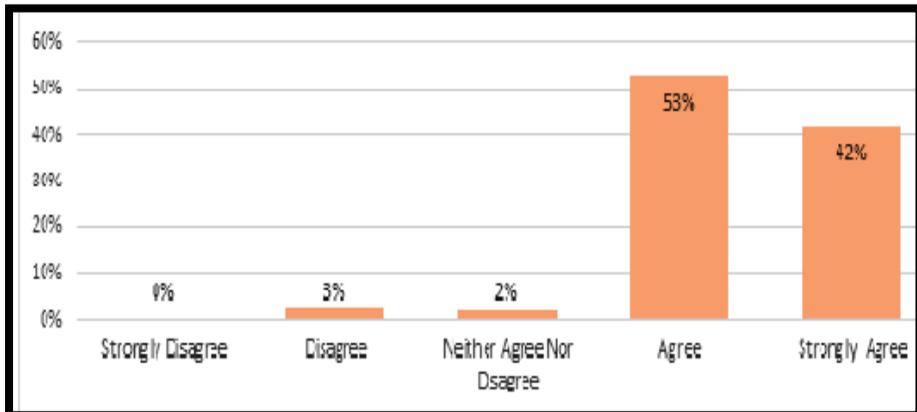


Figure 4.4: Data Management System

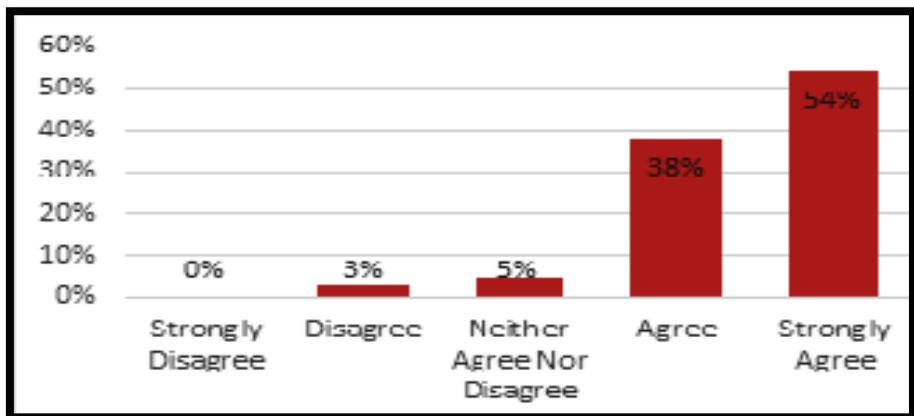


Figure 4.5: Integration of Information System

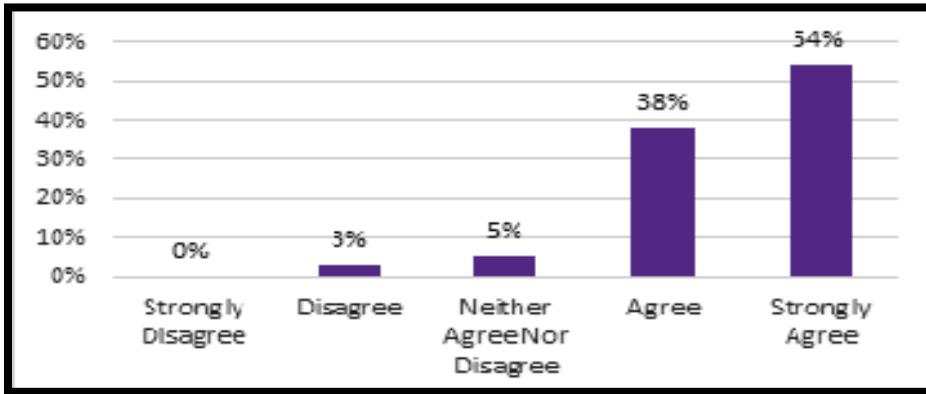


Figure 4.6: One Window Operation

In contrast integrated approach has played a vital role in IT solutions to improve the efficiency of institutions, administration and management, like reducing multiple data entry, accepted rates of offers of admissions. According to Chambers (2008) integration of the data/information systems support organization to clearly define all its internal and external processes, have a 360° view of all critical administrative and management data, which is fully accessible and up-to-the-minute. **The finding of this study depicts that** there is a prerequisite to using technology in an efficient way to integrate students’ data in order to make an easier way of data access. As presented in Figure 4.5, 92% (54% strongly agreed, 38% agreed) of total respondents agreed that there is need of integrated information system.

4.2.5) One Window Operation

Katz (2002) acknowledge that departments and offices work as separate entities in many universities, faced with divisional boundaries, it is often very difficult for these different institutional functions to focus on their students in a coordinated fashion, therefore a student could face many difficulties.” As presented in Figure 4.6, among the respondents 54% strongly agreed and 38% agreed regarding the use of one window operation. In the current system of MUET, due to lack of data integration system, the task is done in different places, for instance; student face difficulties in getting No Dues verification from different departments. The finding of the study reveals that there is need of one window operation, i.e. process done at one place.

4.3) Model for students' needs in MUET

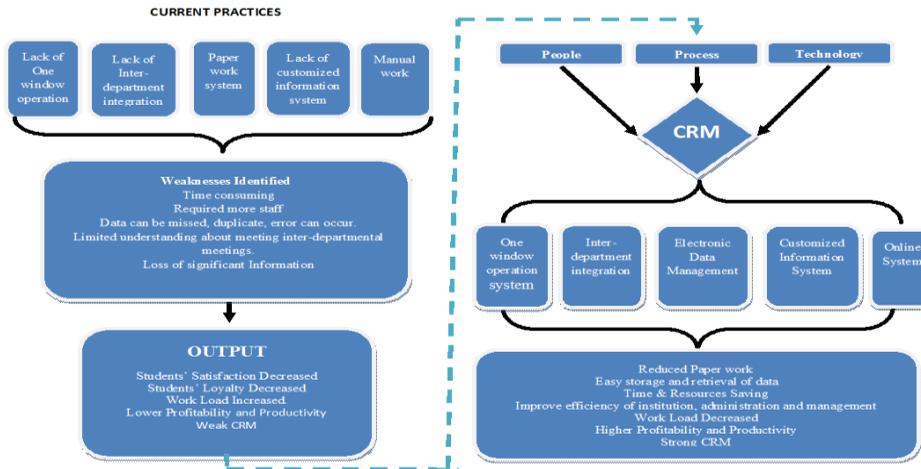


Figure 4.7: Proposed Model of CRM

Overall, CRM with the help of People, Process and Technology could provide better services, such as; through log-in services, students, faculty members and administration could communicate electronically. With the help of electronic data management system, enrolment management did effectively. Furthermore, through inter-departmental integration, departments can communicate in the shorter time period and one window operation can be done.

5) CONCLUSION

Universities have a weak CRM system to manage the ongoing relationship with enrolled students, alumni, faculty & administration; such as online submission, unavailability of call centres, integration of information etc. It, therefore, needs to replace the old system with new sophisticated systems especially in the Higher Education Institutions.

Through this research endeavour, it is identified that MUET has partially adopted CRM practices, whereas a lot of room available for improvement by utilizing technology related services such as: online facilities, electronic data management system, customized information system, one window operation etc. The ongoing changes, which are being made under new administration at MUET, the impact of CRM appears to be stronger in future.

5.1) Recommendations

- 1) Faculty members, administrative/management staff, student and alumni each should have their own log-in account provided by the university, through which they can access and shares customized information with each other and manage/perform all their tasks efficiently.
- 2) There is a need for online services for students such as online submission of admission form, documents, challan and examination form.
- 3) There is a need for electronic data management, such as Student Information System, where students' information is store electronically.
- 4) There is a need for integration of information system.
- 5) There is a need for one window operation.

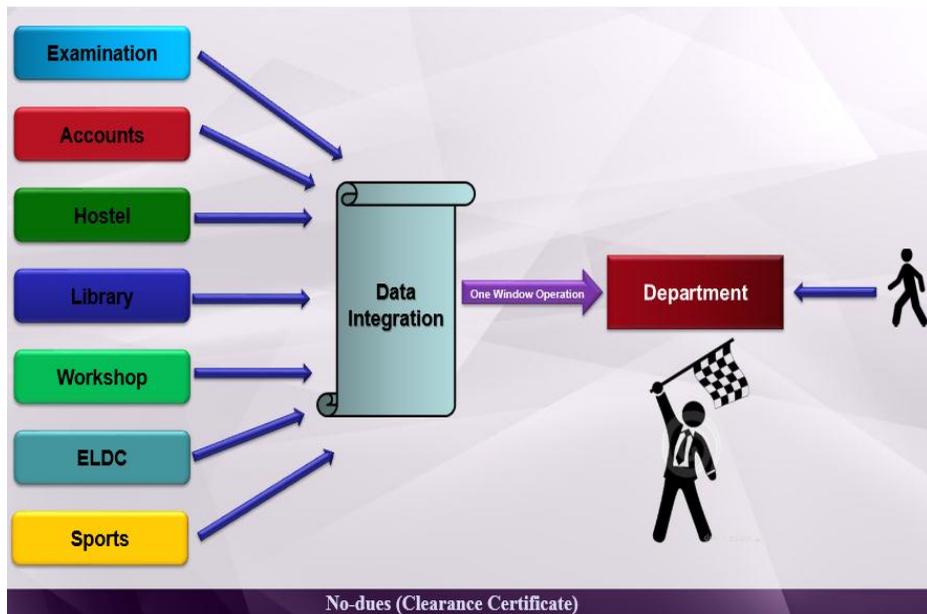


Figure 4.8: No-Dues (Clearance Certificate Process)

By implementing CRM administration will facilitate students in the process of getting clearance certificate at one place (one window operation) through the integration of systems.

5.2) Limitation and Future Research

Due to time and cost constraint, this research is only focused on one Public University of Pakistan namely MUET, Jamshoro. Future studies can include a sample from other public and private HEIs.

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