EMPIRICAL EVIDENCE FROM HOTEL INDUSTRY ON THE DIMENSION OF CUSTOMER RELATIONSHIP MANAGEMENT & THEIR INFLUENCE ON ORGANISATION PERFORMANCE

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Abstract: The aim of this paper is to study the dimensions of Customer Relationship Management (CRM) viz., Customer Orientation, CRM Organisation, Knowledge management and Technology based CRM and its impact on the organisational performance in hotel Industry in Odisha. To assess to what extent the dimensions of CRM impact the hotel performance, this research employs Balance Score Card (BSC) approach. This is a quantitative study that incorporated convenience sampling technique wherein the responses were taken from 160 managers of classified hotels (three-star to five-star category only) via an online survey method. In order to meet the study’s objectives statistical methods like Pearson Correlation and Multiple Regression Analysis were used. The results of the study stated that Customer Relationship Management and its dimensions have a positive relationship with hotel organisational performance. Managerial implications are based on the premise that in order to enhance the organizational performance in hotel industry in Odisha, it is pertinent to build and have in place an effective and efficient dimensions of CRM.

Key words: customer relationship management, dimensions of CRM, organisational performance, inferences drawn from the study

INTRODUCTION:

Customer Relationship Management is one of the essential tools for hotels in order to have a competitive edge. The paper is about the Customer Relationship Management (CRM) and its dimensions customer orientation, CRM organisation, knowledge management and technology based CRM and its relationship with organisational performance in hotel industry in Odisha. To assess to what extent the dimensions of CRM impact the hotel performance, this research employs the Balance Score Card (BSC) approach and the conceptual research framework adopted and used by Abdul et al. (2013). This is a quantitative study that incorporated convenience sampling technique wherein the responses were taken from 160 managers of classified hotels (three-star to five-star category only) via an online survey method. In order to meet the study’s objectives statistical methods like Pearson Correlation and Multiple Regression Analyses were used. The results of the study stated that Customer Relationship Management and its dimensions have a positive relationship with hotel organisational performance. Managerial implications are based on the premise that to enhance the organizational performance in hotel industry in Odisha, it is pertinent to build and have in place effective and efficient dimensions of CRM. It is paramount that hotels embrace strategic technology based CRM to enable the managers of hotels to serve their customers in an efficient and effective manner and to enhance hotel’s performance (Abdel, 2016). Further, it has been hypothesized by Mohammad et al. (2014) that customer relationship management is widely accepted tool that supports customer-orientation organization decisions for modern day business organizations. By and large, it is today is one of the best strategies and practices to improve the organization performance on a long-term sustainable basis (Wu and Lu, 2012; Sigala, 2005 and Kasim and Minai, 2009).

In Odisha, the hotel industry functions in a highly competitive and vulnerable environment where the total tourist arrivals (domestic & international) in the year 2015-16 was 1,20,67,695 and in 2019-2020 till March 2020 was 1,50,35,593 (Odisha Tourism Annual Report, 2019-20). Besides, the occupancy rates of star category hotels in Odisha having 860 rooms and 1731 beds have varied between 2014 and 2018 (Statistical Bulletin 2018, Department of Tourism, Government of Odisha). This shows that the performance of hotel in Odisha needs further growth. In other words, an appropriate strategy may be used by hotel managers to cash in on the tourist’s arrivals to the State in accordance with the number of rooms and beds available and to develop the overall performance of the hotel organizations (Alshourah, 2012). Moreover, to ensure effective CRM and to maintain effective employee relations, the management of various star categories of hotels

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Customer Relationship Management (CRM) and its Dimensions

Antonio Torres (2004: 14) defines customer relationship management “a strategy or activities employed by an organization to have an edge over its competitor. In essence, it is identifying and implementing the right activities at the right time to out-do their counterparts”. According to (Herman et al., 2020) is a strategy in identifying the needs of the customers and developing a relationship by providing them with specific products and services to make them loyal customers. This helps the organization in reducing its marketing costs and improving customer relationships (Al-Dmour et al., 2019; Herman et al., 2020). Sin et al. (2005) and Yim et al. (2005) postulated, customer relationship management is a multi-dimensional concept that includes four behavioural dimensions customer orientation, CRM organisation, knowledge management and technology-based CRM on the basis of the literature review on customer relationship management and interviews with managers of selected organisations. They further affirmed that their findings are in line with the generic concept of CRM implementation featuring Business Process, Strategic function, Technological advancement and above all human architects – the people within the organisation (Fox and Stead, 2001) and their intertwining with the factors as mentioned above to enhance the performance of the organization (Yim et al., 2005 and Sin et al., 2005). Further, customer relationship management has been derived from the customer orientation perspective that has been implemented to improve the customers and hotel organizations (Wu and Lu, 2012). Hence, this study incorporates the Customer Relationship Management and its determinants examined earlier and as matter of fact, these dimensions strongly conform to the underlying concept of customer relationship management – business process, strategic function, technological advancement and the people.

Customer Orientation

As the term suggests, it is nothing but the approach or initiation by an employee to meet the needs of a customer. It has a significant positive effect on the satisfaction level of customers. This customer-centric approach not only helps in maintaining a harmonious relationship with the customers but also enhances the overall performance of the organization (Brown et al., 2002). Further, various studies in the past have indicated a significant positive effect as far as the overall organisational performance is concerned (Kim, 2008; Yilmaz et al., 2005). The outcome of these studies suggests that managers in service-oriented organisations need to focus and implement customer oriented behavioural strategy that promotes customer satisfaction, customer loyalty and increased organisational performance (Minghetti, 2003). Hence, a good strategy that is aimed at customers’ satisfaction and loyalty in the hotel organization will lead to enhanced brand image and increased performance (Fan and Ku, 2010; Tajeddini, 2010). The ever-changing organisational dynamics of hotels has paved the way for the hoteliers to carve out initiatives to identify, develop and retain prospective customers. All
these initiatives are carried out under the ambit of CRM (Ibrahim and Ahmad, 2010; Alshourah, 2016). Studies by (Ou and Banerjee, 2009; Sohrabi et al., 2010; Urban et al., 2014; Alshourah, 2016; Jaber and Simkin, 2017) hypothesized that a significant precursor to the success of customer relationship management is customer orientation. 

**CRM Organization**

Customer focus is important to a company as its organization around CRM system as the organization needs to be in sync with the customer relationships (Yim et al., 2005; Alshourah, 2016). The successful integration of CRM around the organization includes structure, resources, management of human resources, etc. Hence, it is pertinent that for CRM to be successful it is not the technology and the customer orientation that matters, but, the integration of the entire processes around it (Sin et al., 2005; Yim et al., 2005). Ku (2010) also emphasizes that efficient service and appropriate operational procedures are important in CRM implementation. And, this requires the whole hearted support and involvement of dedicated employees to do so (Boulding et al., 2005; Payne, 2006; Tamilarasan, 2011). It is CRM organization that becomes so very important means in the scheme of things to manage the businesses processes with respect to customers and employees. At the end of it, the marketing functions, organisational policies, organization culture and structure need to be incorporated in implementing CRM successfully for better organisational performance (Sin et al 2005; Yim et al., 2005).

**Knowledge Management**

Knowledge about the customer is essential and vital to the organisational resource as it helps the organization to strengthen its bonding with the customers to have an edge over its competitors (Croteau and Li, 2003; Shi and Yip, 2007). Furthermore, CRM success depends upon the transfer of information pertaining to the knowledge of the customer (String et al., 2004; Plessis and Boon, 2004). In order to meet the needs and wants of the prospective customer, the knowledge that is created about the customer must be disseminated and shared throughout the organization (Ryals and Knox, 2001). It is for this reason; knowledge management supports the organization to a large extent in building a strong rapport and a healthy relationship with the customer who in turn impacts the performance of the organisation (Yim et al., 2005; Akroush et al., 2011; Sin et al., 2005). Thus, for the organisations to continue relevant in business, they have to gather information about the customer and make the best use of the shared knowledge to maximize organisational performance and to sustain profits in the long run (Sofi et al., 2020).

**Technology-Based CRM**

The emergence of technology has been a boon to organisations as it plays an important part in successful CRM implementation in the organisation. Organisations in the field of hospitality management extensively use technology to their advantage to strengthen their relationship with the customers and guests via different platforms such as the company’s website, marketing based on database, social media and so on (Sota et al., 2019). In this regard (Diffley et al., 2018) found that social customer relationship management helped the organizations in maintaining good customer relationships leading to enhanced innovation and increased financial gains. Talón-Ballestero et al. (2018) too found out the use of Big Data from the technology-based CRM system in not only profiling the customers but also identifying the repeat customers and guests of the hotels. Similarly, there have been various studies related to technology like Data Mining (DM), Facebook (FB), organisational website usage, cell phone technology and Information Systems (IS) (Dursun and Caber, 2016; Suet al., 2015a; Bilgihan and Bujisic, 2015; Anne Coussement and Teague, 2013; Ku, 2010). These apart, technology-based CRM studies in the past have provided us with ample evidence about their role in influencing organisational performance (Sin et al., 2005, Akroush et al., 2011; Kasim and Minai, 2009). It is, therefore recommended that CRM Based Technology must be implemented by the hotel organisations to gather, analyse and disseminate customer knowledge and information both within and outside for achieving better organisational goals and performance (Sofi et al., 2020).

**Hotel Organizational Performance and its Measurement**

According to (Mohammed et al., 2013), the measurement of an organisation’s performance have to be a multi-dimensional approach which means the performance should not and cannot be evaluated based on a single entity. To evaluate the hotel organisational performance, we have used the Balanced Scorecard (BSC) that focuses on customers, internal processes and learning & growth (Mohammed et al., 2013). This is widely used in non-profit firms and manufacturing units (Kaplan and Norton, 1992) has been extensively used by many writers of business while reporting the measurement of organisational performance (Goulian and Mersereau, 2000). Chang and Ku (2009) reiterated that this approach ensures the translation of organisational mission, vision and strategies in measurable terms from internal processes and financial perspectives. In support of this, researchers have highlighted that measurement of financial performance cannot fully justify the importance and impact of CRM strategies within the organization, therefore, all the vital dimensions need to be embedded with CRM to evaluate overall organisational performance and one such approach is the use of BSC (Wu and Hung, 2007). In a nutshell, to examine the performance of an organization using BSC both financial and non-financial factors need to be taken into account (Kaplan and Norton, 2004; Wu and Hung, 2007; Wu and Lu, 2012). Hence, this study uses the BSC to evaluate hotel organisational performance since hotels comprise various activities such as food & beverages front office operations, housekeeping operations, storeroom operations, etc. (Paraskevas, 2001).

**Hypotheses**

In order to evaluate the hotel organisational performance, this study used four BSC perspectives based upon the previous studies on the influence of dimensions of CRM on Organisational Performance as well as the theory on Resource Based View (RBV). Based on this premise and the literature reviews, the following hypotheses were formulated for this study:
**H1:** The dimension of Customer Orientation impacts the Hotel Organisational Performance

**H2:** The dimension of Knowledge Management impacts the Hotel Organisational Performance

**H3:** The dimension of CRM Organization impacts the Hotel Organisational Performance

**H4:** The dimension of Technology based CRM impacts the Hotel Organisational Performance

**RESEARCH METHODOLOGY**

**Data Collection**

In order to collect the data, a structured questionnaire was emailed to the selected hotels that are three-to-five-star ratings and would be more interested in the implementation of CRM (Kasim and Minai, 2009). The study incorporated Convenience Sampling Technique to collect the data. The respondents of the study were the Hotel Managers that include Senior and Mid-Level. To expedite the process and to enable the respondents to complete the questionnaires, the researcher personally visited some of the hotels. Out of 195 questionnaires distributed, 111 questionnaires were sent via emails and the remaining 84 questionnaires were distributed in person. A total of 175 questionnaires were received and out of these 15 questionnaires were incomplete, hence, not usable. Finally, 160 questionnaires were useful for analysing the data with a response rate of 82.05%.

**Measurement Scales**

The dimension of Customer Orientation was developed by Moreno and Melendez (2011) and the dimensions - CRM Organisation, Knowledge Management and Technology-based CRM were developed by Sin et al. (2005) and Yim et al. (2005), whereas, the dimension of hotel performance developed by Wu and Lu (2012) were used for the study. All the dimensions were adopted by Mohammed et al. (2013) in their study. The 40 items of the constructs were rated on a five-point Likert Scale where 1= strongly disagree and 5= strongly agree.

**Research Design**

The research employed Survey Research Design to collect information about respondents’ attitudes and beliefs (Hair et al., 2010). Likert Scale as considered to be the most appropriate scale by the researchers (Sekaran, 2010) was used for this study. All items were measured using five-point Likert Scale for achieving consistency amongst the constructs and to reduce confusion of the respondents (Ackfeldt and Coole, 2003). The Table 1 reveals the mean and SD values of Customer Orientation (3.810 & 0.474), CRM Organisation (3.712 & 0.512), Knowledge Management (3.694 & 0.586), Technology-based CRM (3.721 & 0.615) and Hotel Organisational Performance (3.881 & 0.485) respectively. The table-2 provides the Reliability of Scale Analysis using Cronbach’s Coefficient Alpha which is the widely used indicator to assess the internal consistency of a scale. The value < .60 is poor, between .70 to .80 is acceptable and over .80 is excellent. The test of Reliability of the Scale of this study revealed that all above mentioned variables of the study have Cronbach’s Coefficient value of 0.812, 0.802, 0.832, 0.821 and 0.874 respectively which is considered to be good (Pallant, 2007; Sekaran, 2000; Hair et al., 2006; Nunnally, 1978).

**DISCUSSION**

In order to test the strength of relationships between the variables taken under the study, Pearson Correlation Analysis was carried out and were found to be significant and positively correlated. A Multiple Regression Analysis was conducted to test the veracity of the study based on the main research question and the hypotheses. The Multiple Regression Analysis using SPSS was conducted and the following results were obtained:

**Table 3. Correlation Analysis (Source: Primary Data)**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Organisational Performance</td>
<td>3.881</td>
<td>0.485</td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>3.810</td>
<td>0.474</td>
</tr>
<tr>
<td>CRM Organisation</td>
<td>3.712</td>
<td>0.512</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>3.694</td>
<td>0.586</td>
</tr>
<tr>
<td>Technology-based CRM</td>
<td>3.721</td>
<td>0.615</td>
</tr>
</tbody>
</table>

**Table 4. Reliability of Scale (Analysis) (Source: Primary Data)**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Value of Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Organisational Performance</td>
<td>17</td>
<td>0.812</td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>07</td>
<td>0.802</td>
</tr>
<tr>
<td>CRM Organisation</td>
<td>07</td>
<td>0.832</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>04</td>
<td>0.821</td>
</tr>
<tr>
<td>Technology-based CRM</td>
<td>05</td>
<td>0.874</td>
</tr>
</tbody>
</table>

**Pearson Correlation Analysis**

From the above Table 3 it is inferred from the analysis that all the variables taken under the study are significant and positively related to each other.

The above findings in Table 4 in case of hotels revealed that the 4 variables yielded a multiple R of 0.660 explaining 66.0 % of the variance in overall hotel organisational performance. The standardized regression coefficients are 0.714, 0.685, 0.717 & 0.665 for the variables of Customer Orientation, CRM Organisation, Knowledge Management and Technology Based CRM respectively.
Regression Analysis confirmed that the dimension of Customer Orientation has a significant and positive impact on Hotel Organisational Performance with a standardized regression coefficient of 0.714 (Table 4 & 5). The findings of the study corroborate with the studies carried out in the past that indicated a significant positive effect as far as the overall organisational performance is concerned (Kim, 2008; Yilmaz et al., 2005).

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**Table 4. Multiple Regression Analysis of all the dimensions of Customer Relationship Management for predicting Hotel Organisational Performance (Source: Primary Data)**

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Regression Coefficient</th>
<th>t</th>
<th>P</th>
<th>R</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>0.714</td>
<td>3.231</td>
<td>&lt; 0.05</td>
<td>0.813</td>
<td>0.660</td>
</tr>
<tr>
<td>CRM Organisation</td>
<td>0.685</td>
<td>4.765</td>
<td>&lt; 0.05</td>
<td>0.660</td>
<td>0.418</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>0.717</td>
<td>4.418</td>
<td>&lt; 0.05</td>
<td>0.660</td>
<td>0.418</td>
</tr>
<tr>
<td>Technology Based CRM</td>
<td>0.669</td>
<td>3.621</td>
<td>&lt; 0.05</td>
<td>0.660</td>
<td>0.418</td>
</tr>
</tbody>
</table>

**Table 5. The above table-5 shows the Customer Orientation dimension with its Regression Coefficient value of 0.714 where t= 3.231 significant at p<0.05**

**Table 6. The above table-6 shows the CRM Organisation dimension with its Regression Coefficient value of 0.685 where t= 4.765 significant at p<0.05**

**Table 7. The above table-7 shows the Knowledge Management dimension with its Regression Coefficient value of 0.717 where t= 4.418 significant at p<0.05**

**Table 8. The above table-8 shows the Technology-based CRM dimension with its Regression Coefficient value of 0.669 where t= 3.621 significant at p<0.05**

The Regression Analysis also confirmed that CRM Organisation has a significant effect on Organisational Performance with a standardized regression coefficient of 0.685 (Table 4 & 6). The findings are in line with the studies of (Sin et al. 2005; Yim et al., 2005) who found out that the CRM Organisation is an important means by which they organize the business processes that include both employees and customers for overall organisational performance. The Regression Analysis revealed that the Knowledge dimension has a significant impact on Organisational Performance with a standardized regression coefficient of 0.717 (Table 4 & 7). The findings support the study of Sofi et al. (2020) who expounded that hotel managers who successfully implement CRM strategy and manage customer knowledge properly will stand to gain in terms of enhanced customer satisfaction and loyalty and improved organisational performance in the long run. The regression analysis also revealed that the dimension of Technology Based CRM positively impacted the Hotel Organisational Performance with a standardized regression coefficient of 0.669 (Table 4 & 8). The findings are comparable to those of Diffley et al., 2018) who investigated the usage of social CRM, used of social media platforms for preserving customer connections and discovered that it improves firm innovativeness as well as its financial success and (Kasim and Minaj, 2009) who found out that the technology-based CRM does have a positive and significant impact on the hotel organizational performance. Overall, the study confirmed that all the dimensions of Customer Relationship Management have impacted the Hotel Organisational Performance. The four variables viz., Customer Orientation, CRM Organisation, Knowledge Management and Technology Based CRM yielded 66.0 % of the variance in overall hotel organisational performance. The overall findings are consistent with the studies of Mohammed and Rashid (2012) and Lo et al., (2010) who found out that there is a significant and positive influence of customer relationship management on organisational performance that is further substantiated by Ammari and Nusair (2015).

**Inferences drawn from the Study**

The findings of the study revealed and confirmed that Customer Orientation, CRM Organisation, Knowledge Management and Technology Based CRM have positively impacted the Organisational Performance in hotels. Further, the dimensions of CRM do impact the Hotel Organisational Performance both significantly and positively. On the other hand, the managers of hotels can use the findings of the study from the practical viewpoint to improve upon their business processes for enhanced organisational performance to stay relevant in a highly dynamic and competitive environment. The findings of the study indicate that the managers of hotels in Odisha need to effectively manage the dimensions of Customer Relationship Management for improved organisational performance.

**CONCLUSION & LIMITATIONS**

The study contributed widely to the body of knowledge on the impact of CRM aspects on Hotel Organisational Performance.
Performance. It will also increase awareness among managers of hotels to pay much needed attention to the dimensions of CRM and to use them to the optimum for improving the hotel organisational performance. Like any other study, this research work does have its limitations. This study is only focused at examining the relationship between dimensions of CRM and Hotel Organisational Performance. Hence, future research may be conducted to examine taking determinants such as attributes of hotel and determinants of the external environment.

REFERENCES


