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PERCEPTION OF BARRIERS TO THE ADOPTION OF CRM IN THE BANKING SECTOR IN OMAN

Salim Hilal Al-Mamari, Department of Information Studies, University of Sheffield, UK
s.almamari@sheffield.ac.uk

Miguel Baptista Nunes, Department of Information Studies, University of Sheffield, UK
j.m.nunes@sheffield.ac.uk

Abstract

The paradigm shift from a product-focused view to a customer-focused view advocates that organisations need to consider first and foremost the needs of their customers. In order for organisations to achieve competitive advantage they need to adopt customer-centric solutions such as CRM. However, the adoption of such systems entails barriers and risk events that may hinder successful use of CRM. This paper discusses the barriers that may have impact on potential adoption of CRM in banking sector in Oman. A range of previous studies have been critically examined to provide a background for the study and have resulted in the identification of different barrier categories, namely social, management and technical barriers. This initial categorisation was used as a priori theory for an inductive study of the Banking sector in Oman. The study used in-depth interviews with top management of 3 out of the 4 of the more representative banks in the country. The data collected was analysed using a thematic analysis approach that enabled the identification and classification of barriers into categories. These categories were then translated into a narrative that forms the theoretical proposition of this paper. The awareness of the barriers presented and discussed here will help both practitioners and academics to better understand and overcome the difficulties of CRM implementation. The paper also aims at contributing to the debate on the adoption, use and improvement of CRM.

Keywords: *CRM, Information Systems, Banking, Barriers.*

1 MOTIVATION AND BACKGROUND

In spite of growing business needs that led organisations in developed countries to adopt CRM to achieve competitive advantage, the adoption of these solutions has not always been characterised by the desired success (Davids, 1999; Kim and Pan, 2006). In fact, the Information Systems (IS) literature on CRM is littered with reports of underperformance and failure (Radcliffe *et al.*, 2001; Rigby *et al.*, 2002). However, in the light modern concepts of competitiveness that characterise the Omani business environment, the adoption of CRM is considered critically important in information-intensive organisations such as the financial institutions, namely the Banking sector. Therefore, and in order to prevent repeating the same faults as those already reported in the literature, there was a need to review these failure case-studies in order to learn from previous errors and identify potential barriers that may hinder its success. Given the significance of CRM systems and its impact on organisations, this understanding of barriers will enable mitigation strategies to be put in place in order to achieve the desired positive outcomes. This paper draws on a PhD project that used an inductive exploratory approach to explore the views of top managers in banking sector regarding their perspectives and perceptions of barriers to the adoption of CRM in banking sector in Oman.

2 BRIEF SYNTHESIS OF THE LITERATURE REVIEW

The paradigm shift from a product-focused view to a customer-focused view suggests that the organisations need to concentrate much more attention on their customer's needs, rather than on production as traditionally was the norm. This tendency to put customers at the centre of business processes has been dictated by fierce and competitive global business environments. Customer Relationship Management (CRM) system is one type of Information System (IS) that enables and supports the adoption of such customer-focus solutions. However, defining CRM is a difficult task, as this definition depends on the organisational perspective and functional use. In fact, the many definitions of CRM have originated confusion and controversy about what exactly constitutes CRM as an organisational solution (Payne and Frow, 2005). The definition adopted in this paper regards CRM systems as Information and Communication Technology (ICT) supported processes used to identify customers, create customer knowledge, build customer relationships, and shape customers' perceptions of the organisation and its products and services (Srivastava *et al*., 1999).

CRM is therefore an enterprise-wide system that requires significant efforts and costs. Consequently, the investments in CRM projects have been ever-increasing. As reported in Ebner *et al*. (2002), 40% of all companies across USA and Europe have invested in CRM systems. Nevertheless, the main issue remains whether the adopting institutions have obtained value from CRM investments. As suggested by Adebanjo (2003) the initiatives to adopt CRM do not always deliver the expected results. CRM systems are characterised by significant failure rate, as reported by Corner and Hinton (2002). These authors state that only one-third of CRM projects have met expectations. Moreover, Ebner *et al.* (2002) describe the situation of CRM in financial firms by saying that while these firms are "among the biggest users of CRM, only 20 percent of US retail banks that implemented it have raised their profitability as a result". Confirming these statements, a Meta Group report shows that the rate of CRM failure ranges between 55 and 75 percent (Johnson 2004).

According Chen and Popovich (2003) the failure of CRM can be attributed to the lack of thorough understanding of what CRM initiatives entail. Nevertheless, it seems obvious that for CRM systems to realise their potential and desired success there is a need to understand the causes that lead to their failure and the barriers that hinder their use. This type of study is fundamental, not only to avoid CRM becoming yet another business fad, but also to justify its very high implementation costs. Ebner *et al*. (2002) assert that CRM implementations total cost of implementation may be as high as 100 million American Dollars and implementation time as long as three years. Thus, and before taking on such commitments banks in Oman need to understand the barriers hindering the successful adoption of CRM.

3 METHODOLOGY

3.1 Research question and objectives

The research questions of this study were formulated as follows:

"What are the types of barriers that may hinder the success of CRM in Banking sector in Oman?

and

How are these barriers perceived by the sector?"

The nature of these research questions requires an inductive and qualitative approach since it deals with human activity systems, that is, systems that are composed of sets of human activities more or less consciously ordered in wholes as a result of some underlying purpose or mission (Checkland, 1993: 111). These systems are open systems and therefore under constant influence by and pressure from their surrounding social, economic and political environments. Human activity systems are composed by people with different weltanschaungen and often have conflicting objectives, perceptions and attitudes. Therefore, human activity system can only be manifest as perceptions by human actors who are free to attribute meaning to what they perceive. Therefore, and as made clear by Checkland (1993:14) "there will never be a single (testable) account of a human activity system, only a set of possible accounts, all valid according to a particular weltanschaung". Finally, human activity systems are constantly evolving and therefore unpredictable. There is therefore no such thing as a repeatable experiment. Therefore, a deductive approach would not have been appropriate to this study. Additionally, in order to focus this research, the study has been preceded by Political, Social, Economical and Technological (PEST) analysis (Al-Mamari and Nunes, 2008).

3.2 Research Design

Despite the inductive nature of the study, it was decided that an initial literature review was necessary. In this initial literature review, articles were coded to establish an initial theory that was seen as "sensitizing" theory as proposed by (Clarke, 2005). This early theory was treated not as definite theory that provides "prescriptions of what to see", but as a sensitizing theory that suggests "directions along which to look" at an initial stage (Blumer, 1969:147-148). This literature aimed therefore not at producing a set of chapters, but an initial ontology, on which to base the design of the interview scripts. "An ontology defines a common vocabulary for researchers who need to share information in a domain. It includes […] interpretable definitions of basic concepts in the domain and relations among them" (Noy and McGuinness, 2001). The ontology for this study should identify a set of main categories comprising sets of related barriers.

The next step in the research was to identify a meaningful universe of case-studies in Oman. It was thought, that due to the small market size, a study of multiple cases would enable the researchers to acquire a better holistic insight. The use of case study is common in the Information Systems (IS) discipline and this study used this approach in the sense advocated by Darke *et al.* (1998), i.e. "for exploration of areas where existing knowledge is limited". In fact, if there is a rich body of literature on CRM, there is almost no academic literature of the use of CRM in Arab countries, and virtually none on the use of CRM in the banking sector in Oman. There are four main commercial banks in Oman and three accepted the invitation to participate in the study.

In order to gain better insights on the CRM phenomenon in the real-life setting of these three Banks, it was decided to use in-depth interviews as advised by Yin (1994: 13). Qualitatively, these interviews enable the exploration of the perceptions of top management of barriers related to CRM adoption. The flexible nature of semi-structured interview format adopted allowed the researcher to modify the interview guides to focus on particular areas of interest of the different managers interviewed and also to modify (and even exclude) questions that are found to be unproductive for the goals of the research in previous interviews. All interviews were conducted in English. Having taken ethical considerations into account, the interviewees were assured that confidentiality of responses and data collected would always be protected through the anonymisation of both interviewees and their banks. The data collected was examined using a thematic analysis approach.

4 FINDINGS AND DISCUSSION

From the analysis of the data collected and constant comparison with the initial ontology, the final ontology was established. This final ontology identified the following main categories of barriers:

- Lack of Organisational Commitment;
- Lack of Strategic Planning;
- Lack of Clear Business Strategy;
- Lack of Customer Relationship Strategy;
- Lack of Change Management;
- Lack of Communication.

4.1 Lack of Organisational Commitment

This main category concerns the commitment of the organisation to change and adapt to CRM as an enterprise-wide project. Under this main category, the study identified three subcategories: sponsorship, leadership and the continual support by organisational champions and top managers for the CRM initiative.

One of the most interesting findings was that 'lack of leadership' was not perceived as a problem by the interviewees in relation to the adoption of CRM. In general, the answers did not point to any particular aspect on how leadership can boost or hinder CRM implementation. Moreover, in one case the senior manager considered this barrier as an "academic theorisation". Only one of the interviewees recognised that "the most important factor is the commitment of senior managers and leadership". Despite the importance given in the literature to leadership (Pinto and Slevin, 1987; Galbreath and Rogers, 1999; Radcliffe, 2001), it was apparent from the data that the role of leaderships was not well-understood as an enabler to CRM adoption. One direct consequence of this lack of understanding was that interviewees failed also to acknowledge the organisational barriers associated with leadership discontinuity.

Organisational commitment also implies that top management of all relevant business units should be involved in the adoption process. This top management commitment is crucial and of a prevalent concern in the literature. Gupta and Shukla (2002) argue that CRM "is a long-term effort, and that is why management support is crucial". One of the interviewees was quite emphatic in confirming this, by stating that "*the role of top management is important to make change; to embrace a focused view on customers. I see the involvement of top management as central for this view to take place*". Nonetheless, all other interviewees seemed to not to find any relevance in this issue. One of the IT managers actually stated that *"top management is very open to these initiatives*", curiously oblivious that he was actually missing the point altogether. It is not only important that managers are 'open' to the initiative, but that they also should proactively support it.

Therefore, lack of organisational commitment was in general not perceived as a barrier to the adoption of CRM. This shows a lack of understanding or minimising of the role of leadership and continual support. This represents a serious risk for CRM initiatives.

4.2 Lack of Strategic Planning

This category is concerned with the ability of the organisation to strategise in preparation for CRM implementation. This particular category and corresponding barriers was better understood and addressed by the interviewees.

In one of the banks, the strategic thinking that concerned CRM, was actually devised as a component of the wider IS of the organisation. In this institution the adoption of CRM was subordinated to the implementation of a new core banking system. Therefore, a top level manager focused on the two functionalities of operational and analytical by saying "*we will look at the capabilities of core banking system in terms of analytics, depending on that we will decide if we need one or two parts of CRM; we will be evaluating that next year after finishing with our core system implementation*". The identification of the institution's priorities and the articulation of CRM to serve these priorities is a critical aspect in the adoption of CRM as widely recognised in the literature (e.g. Dyche, 2002). In the same case study the IT manager of the bank insisted on the bank priorities as prerequisites or enablers of the CRM solution to be developed in the bank. This manager said "*first we need to fix the core banking system and other stuff that we need to have in place. The way we look at it is categorised into three: one is enabling layer which has got core banking, security, standards, procedures, processes. This is the base line. Then, the customer interface with channels like call centres, internet banking, ATMs, etc. Then there is another layer which is business intelligence like CRM*". This shows a sober view of both barriers and risks of CRM adoption, as this scoping of CRM represents a significant element for the likelihood of success. This point also addresses another important aspect of strategic planning, which is the ability to phase the implementation of CRM. This is also well identified in the literature as crucial, since it allows the users to absorb the innovation systematically and gradually (e.g. Ebner *et al*., 2002). In this respect the planned steps in using a new core banking system, in the case presented as an example, may minimise the barriers associated with acceptance and use of the system while also addressing barriers associated with the lack of strategic planning.

4.3 Lack of Business Strategy

This category includes barriers related to alignment between CRM and global business strategy, as well as the alignment of CRM with business processes. Accordingly, what was examined is if there was any misfit between business strategy and the necessary customer focused-view that paves the path for the implementation of CRM. In two cases there was a clear understanding of the importance of alignment between business strategy of the banks and the CRM system. In the first case, A, there was recognition that strategies implemented in the banks in 80s and 90s are no longer valid for the current banking situation in Oman. However, building a customer-focused view was recognised as a "*big problem taking into account all the services and products offered by the bank*". (Vice CEO, Bank A) In the other case, B, in preparing the bank for CRM "*the entire focus has changed towards customers, so all our strategies, business strategies and support strategies in terms of systems and operation systems are all focused towards customers*" (Vice CEO, Bank B). As suggested by Galbreath and Rogers (1999) the need for such strategy is essential to avoid fragmented approaches to serving customers.

If the alignment between CRM and business strategy is necessary, the business process are required to be adequate to reflect this alignment in realisation of CRM. Only in one case the change of processes was addressed. The senior manager in case B, explains how business processes changed: "*a typical branch has got three functions: one is selling, servicing customers, and processing transactions. What we are trying to do as initiatives is to focus on customers, we are removing this element of processing from the branches, so the branch can focus on selling and servicing customers. Suppose you deposit a cheque in the branch, we don't tell the branch to process that, we tell the branch to give us the cheque and process it here centrally; so the branches do not have to worry about that, but they focus on servicing customers and selling more products*" (Vice CEO, Bank B).

Therefore, it seems that the banks interviewed are well aware of the need to change to customer focused management paradigm and align business processes with this paradigm. This will certainly optimise the chances for successful CRM adoption.

4.4 Lack of Customer Relationship Strategy

The presence of the customer relationship strategy reflects the ability of the bank to establish, maintain and cultivate relations with customers, and the business processes that create and manage these relationships (Peppard, 2000). Establishing relationship between a bank and its customers is usually profitable for the bank, as well as providing convenient and more efficient services to the customer. This type of strategy is usually based on two main aspects. First, the ability of the banks to segment customers into appropriate categories (Swift, 2000). Second, the enhancement of the relationship with customers by matching the right services and products to the right customer segment (Rigby and Ledingham, 2004). However, any efforts made to create and maintain a lasting rapport cannot be successful without the value of this relationship being perceived by customers. Nevertheless, the understanding of the meaning of relationship by customers depends closely on the ability of the bank to create that value (Grönroos, 2004).

The creation of added value in CRM is usually enhanced by offering tailored products and services to each specific customer segment. This enables an economy of resources and channels, as well as higher satisfaction rates by the customers, who feel that the bank tries to address and fulfil their needs. Therefore, the lack of segmentation ability represents a barrier of crucial importance. It was therefore foreseeable that interviewees would acknowledge it. The interviewees recognise that in order for each bank to provide the minimum services and products there is a need for customers' classification. However, at times it seemed that the very concept of segmentation was not always well understood and was addressed by the interviewees with some complacency and without a real understanding of the difficulties involved in implementing it within a CRM solution. A clear indication of this misunderstanding was evident in the statement of the operational manager of Bank C, who asserts that segmentation is "*mainly for the customers and nothing to do with the bank*".

In all cases, as confirmed by senior managers, the process of segmentation includes three main categories of customers which are government, corporate, and retail. The retail customers are essentially classified according to the salary they receive. The evidence of this major (actually exclusive) weight placed on salary was evident from the statement of the operational manager of Bank B: "*If a customer asks for certain products such as different credit card, we examine his/her request according to salary*". Therefore services and products are offered to the customers according to a somewhat simplistic rationale as explained by one senior manager of Bank A:

> "*Each type of customers has its own types of products and services, most from the credit point of it. For example, high-network customer get platinum limit, and so on with gold and classic limits. Accordingly, there is a set of services assigned to each type of customers, and target is also different. The high-network customers receive high quality services aiming to retain customers as they consider being the most important customers to the bank than the classic one*" (Vice CEO, Bank A).

The services and products as mentioned in this case are considered mainly on credit and not really on customer needs according to real segmentation (e.g. student, graduate, new professional, self employed, etc). Therefore, high-network customers are well-known by the banks and therefore, enjoy customised services and expensive products. Others are treated with less specialised or customised services and products. In this respect an operational manager in Bank B said: "*All levels of customers are treated equally. We provide, however, special services to our high network customers such as private banking*". A similar statement was obtained from the IT manager of Bank A, who summarises the understanding on segmentation by stating that "*segmentation is dependent on the profitability of the customers to the bank. So, we segment customers according to the age and income and geographic location. These are the main segments we are working on*". (IT manager, Bank A)

Thus, the Banks seem not to use any demographic information to segment customers, and consequently it is questionable if effective segmentation is actually taking place. The IT manager of Bank C tries to justify this lack of using demographic data by stating that "*data can be a problem in this part of the world. In a more advanced and developed market like USA and Europe there is a great amount of data that get filled at the time of the first contact with the customer. That is lacking here somehow*" (IT manager, Bank C). This manager added explicitly that "*we can do better segmentation if we have the proper data*". In fact, the only evidence collected on the use of this type of information seems to focus on operational decisions rather the real CRM. This was confirmed by the operational manager of Bank C that claims that the bank uses demographic information to "*concentrate our presence in terms of branches, offices, and electronic machines like ATMs and cash deposits*" (Operational manager, Bank C). This shows that banks may collect demographic data to intensify their presence in one area or another; however, these data are not used to get better insights on customers' needs, behaviours or even spending patterns.

The senior manager of case B admits that "*currently the segmentation is more based on products, and we want to take it to next level where we are more towards customers' behaviours for which we need*

CRM" (Vice CEO, Bank B). This shows that despite established practices there is a growing awareness that in order for CRM to be successful there is the need for significant change in both bank culture and processes.

This evident misunderstanding of segmentation may in itself be a considerable barrier for the implementation of CRM and have a strong impact on the profitability of these banks, as well as decrease their competitiveness. Similarly, this lack of understanding may result in under use of CRM or even in a lack of including appropriate analytical requirements for CRM implementation. Therefore, the CRM system adopted may show a lack of appropriate analytical capabilities that in turn will only allow very limited segmentation. This may in the future not permit a clear understanding of the needs of customers and severely limit patterns of analysis. Ultimately, this may lead to the failure of the CRM system.

Consequently, the misunderstanding of segmentation and the lack of analytical tools may in turn make it impossible to devise new services that match the preferences and needs of particular segments of customers. This may represent an added risk to the CRM systems. The process of matching services and products to the right customers depends critically on the ways customers are being segmented, but also on the data being collected for analysis. This process seems in place in at least one of the banks, but at a very rudimentary level. A senior manager from that bank illustrates this by describing the attempts of the organisation to study customer behaviours and activities such as "*knowing which month and year she/he purchased a lot, is she/he travelling a lot, what is the most favourite expenses, but it is still generic gathering of information and this is not to deal purchasing patterns, but generic process dealing with salary*" (Vice CEO, Bank A). Another evidence of this poor collection and use of data is given by the IT manager of Bank A that, typically of an IT professional, misunderstands customer satisfaction with the deployment of ATM machines. In his own words data is analysed not to understand the customers but to know which ATMs are profitable and which are not, so these ATMs can be reallocated across the country as appropriate.

Therefore, the success of CRM seems to be at risk if there is no a change in the attitudes, perceptions and competition patterns of these banks. In truth, at this moment in time CRM seems to be redundant to the needs of competition. This *status quo* may change as soon as one of these organisations realises the potential of CRM and includes its effective use in their strategic thinking.

4.5 Lack of Change Management

Change management includes the necessary processes that are needed to bring about transformation within organisations. The change management is usually employed when an enterprise-wide project is to be implemented to enhance the successful adoption of a particular business initiative. The role of change management aims, as argued by Carnall (1990), to encourage an "environment in which creativity, risk-taking, learning and the rebuilding of self-esteem and performance can be achieved" (Cited in Pries and Stone, 2004). Thus, effective change management focuses on people and their role in the organisation. Five barriers related to change management were explored: inefficient policy of change, lack of dynamic infrastructure, lack of appropriate training, inadequate organisational structure, rigid incentive system. The first two have not yielded significant responses from the interviews; and reflected a sense of complacency and self-congratulatory that was described above when discussing leadership.

On the other hand, the need for appropriate training seems to be well understood as an integral part of change. Most interviewees highlighted the importance of being prepared when adopting CRM. Interviewees affirmed unanimously that training on customer services is important for their employees. In particular, a senior manager for Bank B stated that training is the more pertinent factor in adopting a customer-focused view. This senior manager stated that there is a need for "*training and educating these young Omani who come to work in branches as how to focus on what customer needs and not to focus on what you have for the customer*" (Vice CEO, Bank B).

Change management comprises the transformation of the structure inside the organisation. The traditional view of organisation structure implies a functional view of the organisation divided into departmental divisions. This type of structure results in silo-based organisations (Peppard, 2000; Chen and Popovich, 2003). Chen and Popovich (2003) propose that in order to adopt a customer-focus, organisations need to evolve from this silo-based organization to more collaborative and integrative models, based on business processes that enable the sharing of information and knowledge across departments. Not changing this organisational structure may also represent a significant barrier in the implementation of CRM. The important characteristic of this barrier is persistence of the traditional view in the bank as business units are structured around products and not customers with severe implications on the ability of sharing information and collaboration. Furthermore, the culture pertinent to such an organisational structure is another significant barrier in the realisation of CRM objectives across the entire organisation.

This emerged to be a significant problem in the Banks studied. As it was evident from the discussion of the above barriers, interviewees admitted that organisational change to adapt to a customer-focused view was not there yet. The Vice CEO of Bank A tried to minimise this aspect by justifying that there was no need to change because there is "*no bureaucracy in the bank since each manager can meet face-to-face with CEO*". However, the change in organisational structure is more than that of meeting directly with the CEO or saying that information sharing is "open". However, this manager adds that there are some organisational changes taking place due to the creation of the e-banking division. This division was given all the electronic data exchanges responsibilities, as well as the supervision of e-banking marketing. The operational manager of the same bank had a more lucid response by stating that this change is enhanced by a re-aligning of the retail banking with supporting e-banking channels and developing and launching new electronic services as a part of the embryonic CRM.

In the case of Bank B the change was driven by a customer-service view imposed by a recently created department of "Quality Management". As the senior manager for this Bank states, the role of this department is "*to get a feel of customers; are they happy? if they're not happy; why they are not happy? and make sure that those things that don't make customers happy are fixed*". Another change was realised by integrating corporate and retail banking in one. This was done because "*every company has got employees so while we talk to corporates for corporate facilities we also talk to them about their employees, if we can offer products and services. That is how we are aligning business groups to make sure we give the best to our customers*" (Vice CEO, Bank B). This shows a good realisation of what CRM can do and a move to a more team based oriented structure.

Conversely, Bank C seems to be behind in terms of this type of changes. For instance, the operational manager seems to understand expanding services to meet customer needs with introducing new ATM machines with deposit facilities. Therefore, for this bank there is no evidence that the bank's structure is being reconfigured to reflect a customer-focused view.

Another aspect of change management is the creation of new internal incentive systems to enhance a customer-focused view. In the case of Bank A, the senior manager did not give explicit answers on incentive systems, but discussed service targets in profit reached or services sold to customers. The answer from the senior manager in case B was based on a realistic view of current situation in the banking sector in Oman and a clear understanding of the future due to the introduction of CRM. The Bank currently formed a committee for the evaluation of CRM. Accordingly, the senior manager sated that the Bank is "*in process to switching from the fixed-based compensation to flexible compensation based on sales, leads given and all that*", so in this respect employees will receive better incentives according to their performances in relation to the CRM strategy. Conversely, in case C, the senior manager did not want to give a clear answer to the interviewer, but did mention an example of rewarding scheme in the bank based on 75% on sales and 25% on customer services.

It emerged from the analysis of the data collected during the interviews that only in Bank B there seems to fully understand how the shifting in paradigm from product-based view towards customer-based view requires considerable changes in business and management processes.

4.6 Lack of Communication

For the study of this category, communication was divided into two different types: internal and external. Internal communication is necessary so that the structural and management changes inside the bank are accepted and well-understood by employees and user of the CRM system. Hence, internal communication aims to make the system acceptance a reality by reducing resistance, minimising uncertainty, gaining involvement and commitment, and ensuring clarity of objectives (Goodman and Truss, 2004). External communication is necessary so that customers are equally well informed of new services, facilities and opportunities; and are able to interact and collaborate efficiently with the CRM in order to create and sustain the desired relationship with the bank.

In the case of Bank A, communication, as understood by the senior manager, is realised by using different communication channels. This is clearly not as simple, as admitted by the operational manager of the same bank, who said that "*this is one of the challenges we face, internal communication some times is even more difficult than external communication. We are using multiple methods with this including training which we consider as communication tool. We have our internal e-mail system to communicate with our people. We have manual internal memorandum to communicate with all staff*" (Operational manager, Bank A). Nevertheless, it was clear that there was an awareness of the importance of internal communication.

In case of Bank B the senior manager, was quite emphatic in the importance his organisation gives to internal communication: "*We have been extremely careful about this aspect especially in the last 4-5 years that when ever we undergo any change, we communicate enough to people. If the communication is not very clear, the change is not received or interpreted very well. Change has to be communicated very well upfront to make sure that everybody understands the benefits of change*" (Vice CEO, Bank B).

It seems that internal communication is an integral part of the policies in these two cases. However, without a deeper investigation, that would have to include interviews with the employees and were not included in the research design, it is difficult to understand whether the processes of communication are actually effective in supporting change processes. In regards to Bank C, the responses were illusive and communication seems to take place directly with the CEO who is "very open", in committee meetings or as part of formal training processes. This seems to clearly insufficient to effectively guarantee buy-in by employees.

With regard to external communication, the senior manager of Bank A, says that communication with customers happens through mail, SMS broadcasting, face-to-face in branches and through the use of traditional channels such as advertisement in TV and radio. This seems to be the *modus operandi* of the two other banks. However, the operational manger of Bank B admits that this type of communication strategy is not necessarily effective as customers are not always responsive to these somewhat dated types of communication. He feels that the call centre in the bank needs to be empowered. This centre is currently there with the almost exclusive aim of receiving complaints. In his opinion this call centre should provide and sell other services. In all cases, the interviewees recognise the importance of ATM machines as '*excellent tools to reach customers*', however, the ATMs need to be upgraded in all banks.

The difficulty of communicating with customers, as explained by the operational manager of Bank C is due to "the limited number of post boxes as mail cannot be sent to houses directly [this is a national problem of Oman in which all mail is distributed via PO boxes and not by normal mail addresses]. The addressing system in the country needs to be proper to deal with post mail. There is a limitation on how to reach people through addresses or telephone". This problem is also described by IT manager of Bank C by saying that many letters sent to customers come back to the bank. This problem is compounded by the fact that customers often change their phone numbers without notifying the bank of the change of addresses or contact numbers. Moreover, customers cannot be connected through electronic mails because in the majority of cases, the information on e-mails was either not collected or is missing.

The internal communication is as important as external communication, nevertheless, the data collected shows that for internal communication much more sophisticated and efficient communication channels are employed. This seems to enable a good exchange of information within the bank and significantly increase the chances of success of CRM. For the external communication, partly due to the characteristics of Oman, the traditional methods seem to be less effective, particularly due to the limited number of internet subscribers and inaccuracies of the postal mail service. Accordingly, this lack of external communication may result in difficulties for communication, marketing and data collection on customer behaviour patterns and specific needs. It is clear from the anxieties revealed by the interviewees, that the banks are in shortage of data and notably affected by inaccurate and incomplete data. Ultimately, this will not help the banks in their customer segmentation efforts, as well as the establishment of regular and trustworthy communication with their customers. Therefore, this situation represents a severe risk to any CRM initiative.

5 CONCLUSION

This paper addresses a research gap concerning the adoption of CRM in organisations generally and the banking sector in Oman in particular. A systematic attempt has been made to identify, develop and discuss a set of barriers that may impact on CRM adoption in the banking sector. The research takes a socio-technical view of CRM, as proposed by Coltman (2007), i.e. a view of CRM as "a combination of human- technical- and business-related activities". This view dictated an inductive exploratory investigation of how top management in the banking sector in Oman perceives barriers that may hinder appropriate and successful use of CRM in financial institutions. The results that emerged from the data collected in the interviews show that the majority of barriers identified in the literature are not well-understood by top management. This indicates a need for some change of perspectives, processes and strategic thinking in the banking sector in Oman in order to establish a true customer-focused organisational culture. The banks seem satisfied with actual *status quo* situation, maybe because it seems that top management is taking very complacent and self-congratulatory attitudes to their management and organisational processes. All three banks show similar attitudes and perspectives and therefore competition does not seem to be based on good CRM solutions yet. This may be due to the small market size. Therefore, a considerable investment is needed to create proper segmentation and knowledge about customer needs by devising strategies that focus on high quality of data, analytical tools and expertise to create valued and lasting relationship between banks and their customers.

Banks in Oman need to understand that CRM is not a technological initiative, but is instead a business solution and strategy. CRM adoption requires careful attention to organisational culture and management aspects inside the organisation. Finally, to gain credibility and optimise their CRM systems, these financial institutions need to establish better ways of communicating with their customers, as well as sustaining long-term relationships with these customers.

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