

The Relationship between Bureaucratic Leadership Style (Task-Oriented) and Customer Relationship Management (CRM)

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ABSTRACT

The aim of this study is to investigate the relationship between bureaucratic leadership style (task-oriented) and customer relationship management (CRM). This study is an applied research and its method is descriptive correlation type. Statistical population of this study is all Formal and informal employees of Tejat Bank in Lorestan province, including staff and operation employees, which is about 388 persons and from this category 78 persons are working in staff divisions and 351 persons are formal employees and 37 persons are informal employees. To calculate sample size, which is in this research equal to 388 persons, by using Morgan Table it was realized that to gain reasonable and logical results, the sample size should be 196 persons. Based on the number of employed persons and their percentages in population, these percentages are calculated from selected sample and questionnaires were distributed in departments. So 196 questionnaires were distributed. Calculated reliability of 20 Questionnaires for CRM was 0.855 and for leadership style was 0.714. The Pearson correlation coefficient is used to establish a relationship between two variables. Correlation is a criterion of two variables' relationships. Correlation Coefficient shows the severity and type of relations between variables. Because these questions are standard, we use Pearson's correlation coefficient and we use SPSS software for data analysis. The results of this study indicate that based on examined factors there is a weak relationships between bureaucratic leadership style of managers and CRM.

KEYWORDS: Bureaucratic Leadership Style, Task-Oriented, Management, Customer Relationship, Structure and Culture.

INTRODUCTION

Today all areas of life are surrounded by large organizations. And social and economic operations are carried out by the organizations and without organizations any operations of any is impossible. And obviously the success or failure of an organization depends on these organizations' leadership (Foroughi Asl, 2000). In the past two decades, the world has witnessed the emergence of new influential forces which has been created following the economic and organizational communities' transformation and intensifies major changes in corporate strategy. These forces are provided by globalization, emphasis on product and service quality, new technologies, changes in political and economic structures, changes in regulations and competition for new generation of skilled customers who have changed common needs and expectations. This new customer generation if properly harnessed, could distinguish a company from its competitors (Fathian, et al, 2006). In these circumstances the only competitive advantage for organizations is customer. CRM is a Business strategy to attract, retain and promote customer. By CRM implementation, Companies will be able to perform their functions at a lower cost and retain their main competitive advantage, surely customers. And an age of globalization and having more than million customers this would not be possible without use of information and communication technologies (ICT).

ICT is a tool for implementing CRM. And organizations have relationships with individual customers so that the customer is the only customer (Fathian et al, 2006, 102). Customer relationship management is an important business approach and its goal is individual marketing. This Relatively simple concept states that different customers require different products and use individual customer marketing instead of mass organizational and persons marketing. In this person by person approach, information of each customer (such as previous purchases, their requirements) is used to structure the offered product or service and it would increase the likelihood of its acceptance. This approach is a result of advances in information technology (Elahi&Heydari, 2005).

Interestingly, in all CRM studies, the focus is on key customers. The base of customer relationship management success is focusing on key customers. Today marketing is moving beyond sale and product concept to

marketing concept. Marketing concept is a market driven, customer-focused and integrated marketing effort with the aim to provide customer satisfaction as the key to satisfying organizational needs (Arnould, Price & Zinkhan , 2004).

RESEARCH BACKGROUND

Leadership is the art of influencing people to achieve defined goals by their own desire (Moshbeki, 1998). Leadership process is using influence without force to conduct and coordinate members of a group to achieve goals. And as an attribute is sum of specificities attributed to members using this influence. (Moorhead, Griffin 1997).

“Leadership style is leader's behavior to conduct organization members in the proper way.”(Feizi, 2004). Leadership style is a function of their understanding of human nature and the human being. It is natural that if they consider human as a lazy, indulgent and without sense of responsibility and recognize his main motivations as welfare and worldly, of course, selected style of leadership is consistent with such a phenomenon. On the other hand, if he consider human as active, responsible, interested in trying and with moral incentives, certainly he will use another way to drive employees (Mir Sepasi, 2001).

Bureaucratic Leadership Style: Along with the charismatic and transitional leader, the bureaucratic leadership style was first described by Max Weber in 1947. The bureaucratic style is based on following normative rules, and adhering to lines of authority. The characteristics of this style aligned with Weber's description of transactional leaders.

Weber was the first to distinguish between transactional leaders, such as bureaucratic leaders, and transformational leaders, such as charismatic leaders. The transactional leader motivates followers through systematic rewards and punishments. Weber also believed that most leaders exhibited characteristics of all three styles.

The characteristics of the bureaucratic style include:

- Leaders impose strict and systematic discipline on the followers, and demand business-like conduct in the workplace
- Leaders are empowered via the office they hold: position power
- Followers are promoted based on their ability to conform to the rules of the office
- Followers should obey leaders because authority is bestowed upon the leader as part of their position in the company

Bureaucratic leader, like authoritarian leader, tells people what to do and how to do. But the bases of all his orders are solely organizational policies, procedures and guidelines. Rules are absolute for bureaucratic leaders. He really works by job description and his job as a manager is more like a judge and he wouldn't accept any exception in rules even in special technical issues. This leader gives people little or no freedom (SeyedJavadin, 2007).

Customer in traditional view is who buys company's products. This definition, in today business world is no longer accepted and customer defined as one which organization wants to affect his behavior by creating values. Value is something resolved a customers' requirement and fulfill his needs (Aghayar, 2007). Mahatma Gandhi said: “customer is the main visitor in our field; he is not dependent on us, we are dependent on him, he do not disturb us, he is our working goal, he is not an outsider in our business, he is part of it, we're not doing him a favor on his right, he will grace us with providing this opportunity.”(Aghayar, 2007).

"Customer relationship management" is a comprehensive and systematic approach which has an important role in achieving development and maintaining customer satisfaction, increasing profitability and creating economic value added (in organizations) by integrating customer relation principles, namely marketing, sales and after-sales services (FirouzAbadi, 2007). Organizations try to establish long term relations with customers, base on value creation for both sides and this is one of the main customer relation management goals. In other word, the aim of customer relation is to offer advantages through mutual transaction and promise into action (Elahi and Heydari, 2005).

Customer relationship management is a comprehensive business and marketing strategy, which integrates technology, processes and all business activities around customer (Fjermestad & Romano , 2003). Customer relationship management consists of four dimensions: key customers focus, CRM organizing, knowledge Management and CRM technology.

Key customer focus: focus on key customers means an intense focus on customer and deliver ongoing value to selected key customers by providing personalized/customized products. The main dimensions of key customer focus

are: customer-centric marketing, key customers lifetime value, customization and interactive marketing (Sin, Tse and Yim , 2005).

CRM Organization: Is a fundamental change in organizing method and business processes based on CRM process (Hoffman . & Kashmeri, 2000).

Knowledge management:Based on the knowledge-based view, the mission of organization is to create, transmit and apply knowledge. Managing customer knowledge to obtain, share and developing knowledge in order to benefit customers and organizations (Sin, Tse & Yim , 2005).

CRM Technology: Based on Information Technology, CRM is an integrated enterprise-wide system which coordinates organizational technologies like data warehousing, web sites, intranets, extranets, accounting, sales and marketing (Stefanou, Sarmaniotis & Stafyla , 2005).

Tanveer Ahmedin his Master's thesis entitled Electronic Customer Relationship Management in Online Banking in Lulea University of Technology in February 2009, performed a qualitative study comprising two cases of banks, one from Sweden and second from Denmark, which using E-CRM performance and methods to mass customization, customer identification, one to one interaction and automatic locks in flow of financial data like security prices. RoyaRahimi in his Master's thesis entitled "Study and practical application of customer relationship management in the hotel industry" at the University of Technology (Lulea) in February 2008 notes her article reviews the practical application of customer relationship management (CRM) on guest satisfaction, loyalty and retention and survival showed that this implementation on the form of gathering information for personalization of services, using one to one marketing plans, improving guest services and support and using IT for giving more services in hotels will increase guest satisfaction, loyalty and retention.

Seyed Mohammad Bagher Mirhadiin his master's thesis, customer relationship management in Refah bank, in 2006 in Tarbiat Modarres University came to the conclusion that by improving customer satisfaction level, we could increase satisfaction, loyalty, and quality of services. Marguerite Bertain his master thesis on customer - oriented culture and customer relationship management in online training institute in Kaplan University in February 2009 stated that: this qualitative study is an applicable study of ethnographic, current organizational structure, customer orientation and CRM status in Commonwealth University. And by using a change-oriented approach and perspective helps to our recognition and understanding of customer relationship management to overcome a strongly established and quality-oriented issue.

RESEARCH METHODOLOGY

The aim of the present study is descriptive and its description method is correlation. Static population of this study is all formal and informal employees of Tejatat Bank in Lorestan province, including staff and operation employees, which is about 388 persons and from this number 78 persons are working in staff divisions and 351 persons are formal employees and 37 persons are informal employees. To calculate sample size, which is in this research equal to 388 persons, by using Morgan Table it was realized that to gain reasonable and logical results, the sample size should be 196 persons. Based on the number of employed persons and their percentages from population, these percentages are calculated from selected sample and questionnaires were distributed in departments. So196 questionnaires were distributed. Calculated reliability of 20 Questionnaires for CRM was 0.855 and for leadership style was 0.714. The Pearson correlation coefficient is used to establish a relationship between two variables. Correlation is a criteria for two variables' relationships. Correlation Coefficient shows the severity and type of relations between variables. Because these questions are standard we use Pearson's correlation coefficient and for data analysis we use SPSS software.

DATA ANALYSIS

First hypothesis: there is a significant relationship between bureaucratic leadership style with customer relationship management.

H_0 : there is no significant relationship between Bureaucratic leadership style and customer relationship management strategy.

H_1 : there is a significant relationship between Bureaucratic leadership style and customer relationship management strategy.

Table 1: Pearson test for first hypothesis

SIGNIFICANCE LEVEL	NUMBER	PEARSON
0.011	196	0.267

According to the five percent significance level of test, the null hypothesis is rejected and therefore the opposite hypothesis is verified. So there is a significant relationship between bureaucratic leadership style and CRM strategy.

Second hypothesis: there is a relationship between bureaucratic leadership style and customer relation management.
 H_0 : there is no significant relationship between bureaucratic leadership style and customer relationship management structure.

H_1 : there is a significant relationship between bureaucratic leadership style and customer relationship management structure.

Table 2: Pearson test for second hypothesis

SIGNIFICANCE LEVEL	NUMBER	THE PEARSON
0.003	196	0.358

According to one percent significance level of test, the null hypothesis is rejected and therefore the opposite hypothesis is verified. So there is a significant relationship between bureaucratic leadership style and CRM structure.

Third hypothesis: there is a relationship between bureaucratic leadership style and customer relation management planning.

H_0 : there is no significant relationship between bureaucratic leadership style and customer relationship management planning.

H_1 : there is a significant relationship between bureaucratic leadership style and customer relationship management planning.

Table 3: Pearson test for third hypothesis

SIGNIFICANCE LEVEL	NUMBER	THE PEARSON
0.024	196	0.411

According to five percent significance level of test, the null hypothesis is rejected and therefore the opposite hypothesis is verified. So there is a significant relationship between bureaucratic leadership style and CRM planning.

Fourth hypothesis: there is a relationship between bureaucratic leadership style and customer relation management culture.

H_0 : there is no significant relationship between bureaucratic leadership style and customer relationship management culture.

H_1 : there is a significant relationship between bureaucratic leadership style and customer relationship management culture.

Table 4: Pearson test the fourth hypothesis

SIGNIFICANCE LEVEL	NUMBER	THE PEARSON
0.001	196	0.437

According to one percent significance level of test, the null hypothesis is rejected and therefore the opposite hypothesis is verified. So there is a significant relationship between bureaucratic leadership style and CRM culture.

CONCLUSION

This study examined the relationship between bureaucratic leadership style (task-oriented) and customer relationship management (CRM). Pearson correlation test has been used to evaluate the hypothesis of the study. The results suggest there is a relationship between bureaucratic leadership style and customer relationship management strategy, although Pearson Value is less than 0.5 (0.267), but its positive value represents this relation. There is a relationship between bureaucratic leadership style and customer relationship management structure, although Pearson Value is less than 0.5 (0.358), but its positive value represents this relation.

There is a relationship between bureaucratic leadership style and customer relationship management planning, although Pearson Value is less than 0.5 (0.411), but its positive value represents this relation. There is a relationship between bureaucratic leadership style and customer relationship management culture, although Pearson Value is less than 0.5 (0.437), but its positive value represents this relation.

In addition, generally, results of this study indicate that average Pearson between bureaucratic management and CRM strategy, CRM structure, CRM planning, CRM culture factors is 0.368, which shows bureaucratic management has a weak relation with these factors and therefore bureaucratic management has a weak effect on these factors.

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