Surveying the Relationship between Leadership Style and Customer Relationship Management (CRM)

Mohammad Taheri Rouzbahani¹, Ghasem Yarahmadi², Abbas Goudarzi³, Mohammad Hassan Ghasemi⁴,

¹ Ph.D. Faculty Member of Islamic Azad University, Borujerd Branch, Iran, ²,³ M.A. Students of Islamic Azad University, Borujerd Branch, ⁴ M.A. Student of Islamic Azad University, Malayer Branch

ABSTRACT

The aim of this research is to Survey the Relationship between Leadership Style and Customer Relationship Management (CRM). The statistical society of this study is all formal and informal employees in Census Organization of Qazvin province including queue enforcement that their number is 388 persons and 78 persons of them are active in the staff sector. 351 persons are formal and 73 persons are informal. Calculating the sample volume from the research study with the member of 388 individuals, referring to Morgan’s table we find that the number of samples should be 196 persons to have a reliable and reasonable analysis. According to the employees in each center and their percentage in the society we find to calculate these percentages from the selected sample and the number of distributed questionnaires is equal to their number. Therefore, 196 questionnaires are prepared and distributed within the society’s members. The calculated stability for 20 questionnaires of the current study in management of the relationship with the customer is calculated 0.855 and 0.714 for leadership style. Pearson correlation coefficient for providing a relation between two variables is used that is correlation measure for determination of the relationship amount between variables. Correlation coefficient shows the severity and type of relationship between variables. Questions are standard and therefore Pearson correlation coefficient is used and SPSS software is used for data analysis. The gained results from this research show that between authoritarian management and strategic elements of Customer relationship management, Customer relationship management structure, Customer Relationship Management Planning, Customer Relationship Management Culture the average is 0.368 that shows authoritarian management has a relatively weak relationship with these elements or in other words, authoritarian management has a weak effect on these elements. Moreover, between participatory management and strategic elements of Customer relationship management, Customer relationship management structure, Customer Relationship Management Planning, Customer Relationship Management Culture the average is 0.583 that shows a relatively high relationship. Therefore, we can conclude that between participatory management has a positive effect on these elements.

KEY TERMS: Leadership Style and Customer Relationship Management (CRM)

INTRODUCTION

In today’s competitive market, knowing the customers and their needs as well as keeping them and developing the relationships with clients has an effective role in income and conservation of the companies and therefore the Customer Relationship Management is created. A manager’s leadership style may seem to be set in concrete, hard and unchanging. Or it may be fluid, changing to adapt to the given situation. No matter what a manager's individual leadership style, it is important to remember that not every style is suited to every occasion. Managers who are able to adapt their personal style to obtain desired results are generally more successful leaders than those who try to impose the same style of management on every employee. Customer Relationship Management follows three goals: 1- Gaining new customers, 2- Keeping and conservation of current good clients, 3- Expanding the relationship with the available clients (Hayeri Khiyavi, 2006). CRM is a business strategy for attract, retain and promote the customers. Performing CRM, organizations can do their duties with fewer costs and therefore keep their main comparative benefit that is customer. This affair is not possible in the age of globalization when an organization may have millions of customers without using Information and Communication Technology (ICT). ICT is a tool for implementation of CRM to enable organizations to have a relationship with every customer in a way that it seems that person is the only client of the organization (Fathian and et al, 2006, 102).

The aim of Banks, organizations and profit institutions is high profitability and has more severe competition comparing to other organizations. The main element for having more profit is customer satisfaction. Customer
satisfaction is gained via a strong tool with the name of customer relationship management (CRM). Therefore, banks’ strive to development the long term relationship with the customers is based on creating value for both parties that is one of the main goals of customer relationship management. In other words, the aim of customer relationship management is to provide some benefits via bilateral trade and promise action (SeyedJavadin and Yazdani, 2005). While naturally, responsibilities and authorities are in the hands of managers, they should have healthy and optimized thoughts from the view of intellectual attitude especially in the field of working culture.

In better words, it is expected that the managers’ intellectual process are compatible more with humanity, social and scientific ideals (Hatefi, 2003). Lack of leadership is often a factor for high rate of failures and lack of success in organizations. CRM implementation needs the management of motivated, skilled and intellectual independence persons that do the unscheduled tasks (Moghadasi, 2006).

RESEARCH BACKGROUND

Leadership means the art of penetrating in others in a way that they step with their wills and desires towards achieving the determined goals (Moshbeki, 1998). Leadership as a process means use of penetration without any force to direct and coordinate the activities of members of a group to accomplish a goal; as an adjective, it means a set of qualities that are attributed to some who use this penetration with success.

Leadership style of management is a set of understanding attitudes and behaviors of a manager that are used for influence others. Therefore, Leadership style of managers is the result of their philosophy about their attitude and selection from decision styles and an area that they consider for work environment (from the view of concentration on work or individuals). There are a number of different approaches, or 'styles' to leadership and management that are based on different assumptions and theories. The style that individuals use will be based on a combination of their beliefs, values and preferences, as well as the organizational culture and norms which will encourage some styles and discourage others.

Theory of Path- Goal: the third approach of contingency leadership is the Theory of Path- Goal that is completed via Robert House. This theory says that effective leader is one who clears some paths that through them followers can achieve personal and business goals. A good leader helps others for improving in the entire path, remove barriers and reward for completing tasks. House determines four kinds of leadership styles that may use in the concept of “path- goal”:

1- Directive leadership: Lets subordinates know what is expected from them. He instructs others what to do and how to adjust work schedules maintains the determined performance standards and clears the role of leader in the group.
2- Supportive leadership: Does some affairs that the work pleasure, equal behavior with employees, friendly and be available, showing interest to the welfare of subordinates.
3- Achievement-oriented leadership: Sets challenging goals, Expects of highest performance level, Focuses on continuous improvement in performance, shows confidence in achieving high standards.
4- Participative leadership: Mental and emotional involvement of subordinates in decision making, consulting with subordinates, requesting proposal from subordinates, uses these suggestions in decision making.

Leadership of Path- Goal Theory advice managers to use leadership style ina way that provide the situations’ needs (Schermherhorn, 2002).

From traditional vie, the customer is one who purchases the company’s products, this concept is not accepted by all in today’s world. They define customer as a person that organization tends to affect him with created values. The purpose of value is a thing that resolves the customer’s problem and fulfills a need (Aghayar, 2007).

Evaluating the organizations’ readiness for performing CRM

Improvement of the potential for CRM and lack of the available trust in performing efforts of CRM causes a new attitude towards determinants of the organization’s decision for investment on CRM. Therefore, a lot of models are provided for measuring the readiness amount of the organization for performing the customer relationship management (Agha Davood, 2006). Ocker and Mudambi designed a theory model for this purpose that includes the followings:

Strategy: Today’s highly competitive global media market pressures to reduce costs while distinguishing itself via improving services to the customers for making money. Suppose of CRM is if an organization improve the style of customer relationship management, its result is to increase the productivity and customer satisfaction as well as reaching to better operations. However, the organizations should look towards CRM as a solution cope with social
competitive pressures. CRM is more than these and since it is a plan that should be viewed as an organizational strategy.

**Structure:** innovative literature shows that the organizations that have flat and decentralized structure support development of innovative ideas more in comparison with the centralized hierarchical organizations. However, considering the components of the innovation, the centralized structure has a lot of effects. According to IT innovation, structural elements include the environment compatibility with organizational plan (such as focus-orienting, decentralization, organic), hierarchy of authority, reporting relationships and etc. effective CRM should integrate the working processes and support it to create positive experiences for customers towards the organizations. This business processes include the entire organization means customer interaction processes, marketing, sales and services to customers as well as reader (staff) processes of the organization like accounting, purchasing, production and supplies.

**Decision making:** it can be considered as an action that a lot of related plans with high quality like business plans, plans for entire organization and IT plans are created in it. Strategic program of the entire organization should stimulate the business units’ projects and IT projects. Researchers found that IT managers that have more cooperation in the organizational business programming can understand the aims of organization’s superiors managers better. Meanwhile, the integrated programming process can cause a relation between business managers and IT managers that is important for creating a common understanding between different duty areas in the organization.

**Culture:** undoubtedly, the organization’s culture is the main element in determining the organization’s readiness for performing the plans of CRM. Experts describe organizational culture from three viewpoints of integrated culture, distinctive culture and fragmentary culture. The integrated organizational culture has a common consensus around values, assumptions and behaviors. This consensus creates a common identity for the organization’s member that guides their working attitudes and behaviors.

Seyed Mohammad Bagher Mir Hadi in his master thesis under the title of CRM in Refah Bank in 2006 in Tarbiat Modarres University concluded that improvement the level of CRM can cause the improvement of satisfaction, loyalty and services’ quality.

Margaret Barta in her master thesis under the title of customer-oriented culture and CRM in Online Complementary Education Institute in Kapila University in Feb 2009 stated that this qualitative research forms the applicable ethnographic research, the current organizational culture, customer-oriented state and CRM situation in Common Welfare University. Our understanding and recognition from CRM with usage a change-oriented view and style help to overcome an issue that is highly oriented and quantitative.

Anveer Ahmed in his master thesis under the title of Electronic Customer Relationship Management in Online Banking in Lolia Technology University in Feb 2009 surveyed and studied the quality of two banks one in Sweden and another in Denmark that used E-CRM methods and operations for mass customization, customer identification, one-by-one exchange and automatic locks in the movement of financial data like prices’ security. Finally it resulted in operation costs’ decrease and financial data movement like pieces’ security.

**METHOD OF THE RESEARCH**

The aim of the current study is applicable and its descriptive method is solidarity. The statistical society of this study is all formal and informal employees in Census Organization of Qazvin province including queue enforcement that their number is 388 persons and 78 persons of them are active in the staff sector, 351 persons are formal and 73 persons are informal. Calculating the sample volume from the research study with the member of 388 individuals, referring to Morgan’s table we find that the number of samples should be 196 persons to have a reliable and reasonable analysis. According to the employees in each center and their percentage in the society we find to calculate these percentages from the selected sample and the number of distributed questionnaires is equal to their number. Therefore, 196 questionnaires are prepared and distributed within the society’s members. The calculated stability for 20 questionnaires of the current study in management of the relationship with the customer is calculated 0.855 and 0.714 for leadership style. Pearson correlation coefficient for providing a relation between two variables is used that is correlation measure for determination of the relationship amount between variables. Correlation coefficient shows the severity and type of relationship between variables. Questions are standard and therefore Pearson correlation coefficient is used and SPSS software is used for data analysis.

**DATA ANALYSIS**

**First hypothesis:** There is a significant relationship between authoritarian leadership and CRM strategy.
Rouzbahani et al., 2013

H0 Hypothesis: There is no significant relationship between authoritarian leadership and CRM strategy.
H1 Hypothesis: There is a significant relationship between authoritarian leadership and CRM strategy.

Table 1: Pearson Test for the first hypothesis

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<th>SIGNIFICANT LEVEL</th>
<th>NUMBER</th>
<th>PEARSON AMOUNT</th>
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<tbody>
<tr>
<td>0.011</td>
<td>196</td>
<td>0.267</td>
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According to this matter that the test is significant at the level of 5%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between authoritarian leadership and CRM strategy.

The second hypothesis: There is a significant relationship between authoritarian leadership and CRM structure.
H0 Hypothesis: There is no significant relationship between authoritarian leadership and CRM structure.
H1 Hypothesis: There is a significant relationship between authoritarian leadership and CRM structure.

Table 2: Pearson Test for the second hypothesis

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<th>SIGNIFICANT LEVEL</th>
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<tr>
<td>0.003</td>
<td>196</td>
<td>0.358</td>
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</table>

According to this matter that the test is significant at the level of 1%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between authoritarian leadership and CRM structure.

The third hypothesis: There is a significant relationship between authoritarian leadership and CRM programming.
H0 Hypothesis: There is no significant relationship between authoritarian leadership and CRM programming.
H1 Hypothesis: There is a significant relationship between authoritarian leadership and CRM programming.

Table 3: Pearson Test for the third hypothesis

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<th>SIGNIFICANT LEVEL</th>
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<tr>
<td>0.024</td>
<td>196</td>
<td>0.411</td>
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According to this matter that the test is significant at the level of 5%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between authoritarian leadership and CRM programming.

The forth hypothesis: There is a significant relationship between authoritarian leadership and CRM culture.
H0 Hypothesis: There is no significant relationship between authoritarian leadership and CRM culture.
H1 Hypothesis: There is a significant relationship between authoritarian leadership and CRM culture.

Table 4: Pearson Test for the forth hypothesis

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<th>SIGNIFICANT LEVEL</th>
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<th>PEARSON AMOUNT</th>
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<tr>
<td>0.001</td>
<td>196</td>
<td>0.437</td>
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According to this matter that the test is significant at the level of 1%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between authoritarian leadership and CRM culture.

The fifth hypothesis: There is a significant relationship between Participatory leadership and CRM strategy.
H0 Hypothesis: There is no significant relationship between Participatory leadership and CRM strategy.
H1 Hypothesis: There is a significant relationship between Participatory leadership and CRM strategy.

Table 5: Pearson Test for the fifth hypothesis

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<th>PEARSON AMOUNT</th>
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<tr>
<td>0.000</td>
<td>196</td>
<td>0.527</td>
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According to this matter that the test is significant at the level of 1%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between Participatory leadership and CRM strategy.

**The sixth hypothesis:** There is a significant relationship between Participatory leadership and CRM structure.
H0 Hypothesis: There is no significant relationship between Participatory leadership and CRM structure.
H1 Hypothesis: There is a significant relationship between Participatory leadership and CRM structure.

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<th>SIGNIFICANT LEVEL</th>
<th>NUMBER</th>
<th>PEARSON AMOUNT</th>
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<tr>
<td>0.025</td>
<td>196</td>
<td>0.433</td>
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According to this matter that the test is significant at the level of 5%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between Participatory leadership and CRM structure.

**The seventh hypothesis:** There is a significant relationship between Participatory leadership and CRM programming.
H0 Hypothesis: There is no significant relationship between Participatory leadership and CRM programming.
H1 Hypothesis: There is a significant relationship between Participatory leadership and CRM programming.

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<th>SIGNIFICANT LEVEL</th>
<th>NUMBER</th>
<th>PEARSON AMOUNT</th>
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<tr>
<td>0.007</td>
<td>196</td>
<td>0.613</td>
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According to this matter that the test is significant at the level of 1%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between Participatory leadership and CRM programming.

**The eighth hypothesis:** There is a significant relationship between Participatory leadership and CRM culture.
H0 Hypothesis: There is no significant relationship between Participatory leadership and CRM culture.
H1 Hypothesis: There is a significant relationship between Participatory leadership and CRM culture.

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<th>SIGNIFICANT LEVEL</th>
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<th>PEARSON AMOUNT</th>
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<tbody>
<tr>
<td>0.002</td>
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<td>0.701</td>
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According to this matter that the test is significant at the level of 1%, therefore, hypothesis 0 is rejected and its opposite hypothesis is confirmed. So, there is a significant relationship between Participatory leadership and CRM culture.

**CONCLUSION**

The aim of this research is to Survey the Relationship between Leadership Style and Customer Relationship Management (CRM). The statistical society of this study is all formal and informal employees in Census Organization of Qazvin province including queue enforcement that their number is 388 persons and 78 persons of them are active in the staff sector, 351 persons are formal and 73 persons are informal. The gained results from this research show that between authoritarian management and strategic elements of Customer relationship management, Customer relationship management structure, Customer Relationship Management Planning, Customer Relationship Management Culture the average is 0.368 that shows authoritarian management has a relatively weak relationship with these elements or in other words, authoritarian management has a weak effect on these elements. Moreover, between participatory management and strategic elements of Customer relationship management, Customer relationship management structure, Customer Relationship Management Planning, Customer Relationship Management Culture the average is 0.583 that shows a relatively high relationship.
The gained results from this research shows that gained Pearson amount between authoritarian management and strategic elements of customer relationship management, customer relationship management structure, customer relationship management programming, customer relationship management culture in average is 0.368 that shows authoritarian management has a relatively weak relation with these elements or in other hands, authoritarian management has a weak impact on these elements. But gained Pearson amount between partnership management and strategic elements of customer relationship management, customer relationship management structure, customer relationship management programming, and customer relationship management culture in average is 0.583 that shows a relatively high relation. Therefore we can conclude that partnership management has a higher impact on these elements.

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