Citizens as customers: Exploring the future of CRM in UK local government

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Abstract

Customer relationship management (CRM) is seen as a key element in delivering citizen-centric public services in the UK. However, CRM originated in the private sector as a technology to support customer acquisition, retention and extension (cross-selling). The appropriateness of this technology to organizations striving to meet complex goals such as improving the quality of life for vulnerable people is open to question. This paper uses the results of recent UK electronic government CRM programs to show that the focus for many local authorities has so far been systems integration, CRM-enabling call centers and the provision of routine transactions online. More advanced authorities are planning to use CRM to help them understand their citizens better. But more can be done. To this end, the paper proposes an alternative model of CRM progress which moves beyond transactions and customer insight and encourages citizens to co-produce the public services they consume.

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1. Introduction

‘Choice’—this small word currently underlies a very large volume of UK government rhetoric. Citizens must be able to choose their schools, hospitals, doctors, social housing and potentially any other service provided from the public purse. The future is of citizens as empowered consumers, able to take their custom away from poor quality providers and move it to the best. Consumers become customers in this world and private sector management approaches are increasingly being seen as appropriate solutions to the problems of bureaucratic providers unable to offer a modern service. One approach that has become popular in the private sector, when confronted by customers able to switch to alternative suppliers with ease, is to provide a consistent service through all customer interactions and to develop deep customer ‘insight’ in order to predict future customer needs and to steer them towards appropriate products and services. This is called Customer relationship management (CRM) and, when it works well, can encourage customer loyalty and the development of long-lasting profitable relationships for the provider. CRM has recently become popular in the UK public sector, especially in local government. Many local authorities are implementing CRM, and the government, seeing CRM as a key e-government ‘enabler’, has funded a number of pilot projects and a National CRM Programme to explore its benefits and to identify and disseminate best practice across authorities. This paper goes in search of Citizen Relationship Management by assessing the outcomes of the recent government-sponsored CRM programs in terms of both the classic private sector model of CRM, and in terms of the potential of CRM to genuinely deliver improved, citizen-centric public services which have a real impact on citizen quality of life.

2. Electronic government and CRM

Over the past two decades, the transformation and reform of local authorities have been central to the political programs of the UK government. The Labor Government’s ‘Modernization and Improvement’ agenda aims to develop local authorities that are more dynamic, entrepreneurial, efficient, effective and in touch with their citizens. People usually think of government as hierarchical bureaucracy. This model is referred to as the Weberian model, which is often criticized for its rigidity, proceduralism, inefficiency and inability to serve “human clients”. E-government is seen to offer a ‘paradigm shift’ and has been defined as ‘...the use of technology to enhance the access to and delivery of government services to benefit citizens, business partners and employees. It has the power to create a new mode of public services where all public organizations deliver a modernized, integrated and seamless service for their citizens’. According to Margetts, just as Max Weber’s followers viewed bureaucracy as the basis of modernism in the first half of the 20th century, advocates of e-government have seen information and communications technology (ICT) as the basis of modernism in the second half and beyond. The Office of the Deputy Prime Minister (ODPM) is the central government body responsible for local government in the UK. The three main
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