The value chain of citizen relationship management (CzRM): A framework for improvement

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Nowadays governments have recognized the need to improve their relationship with citizens, and to put citizens’ needs at the center of all government thinking, providing one-to-one services for citizens (Kannabiran et al., 2005).

A citizen can be defined as a customer of public goods and services (Nowlan, 2001). Thus forming strategic relationships with the citizen is crucial to government long-term success. The essential purpose of citizen relationship management (CzRM) is to change government-oriented management into citizen-oriented one in local governments. The fundamental purpose of the e-government is to "manage government effectively" and to "be more citizen-oriented" (Sasakil et al., 2007).

A stylized fact of development policy has become that "good governance" is a necessary pre-requisite for raising a nation's rate of growth, lowering poverty and generally achieving development goals (Epstein and Gang, 2009; Mayo, 2004). Nowadays governments have recognized the need to improve their relationship with citizens, and to put citizens' needs at the center of all government thinking, providing one-to-one services for citizens (Kannabiran et al., 2005).

Key words: Value chain, citizen relationship management, good governance.

INTRODUCTION

The public sector is one of the most primitive and predominant service domains in any community, with a wide array of governmental services catering to all aspects of society and economy (Haque, 2001). Users of public services can legitimately be considered as customers, citizens or co-producers (Fotaki, 2009).

The public sector is one of the most primitive and predominant service domains in any community, with a wide array of governmental services catering to all aspects of society and economy (Haque, 2001). Users of public services can legitimately be considered as customers, citizens or co-producers (Fotaki, 2009). Many local governments have been actively promoting implementation of their services and information systems in various ways (Sasakil et al., 2007). Relationships with consumers should be managed very differently by the enterprises and service delivery should be based on the individual characteristics of the enterprise and the environment it operates in (Piperopoulos, 2010). Many local authorities are implementing CRM, and the government, seeing CRM as a key e-government enabler, however, has...
funded a number of pilot projects and a National CRM program to explore its benefits and to identify and disseminate best practice across authorities (King, 2007), but evidences suggest that there is a lack of holistic approach to the study of the this area.

In the other hand, the value chain model is a flexible and powerful tool. It is flexible because it can be adapted to any organization and its powerful because it covers all strategic levels, dealing with a broad range of strategic issues (Chol., 2000). In addition the value chain is a commonly accepted scientific tool for measuring and determining all the relevant steps where value is added during a given process (Wyatt and Abernethy, 2008). In this paper, the CzRM value chain model is developed based on CRM models and good governance functions. The objective of this paper is to develop a framework for: (1) determining primary stages and necessary supporting conditions of CzRM, (2) evaluating the performance of CzRM systems in different governmental organizations, and finally (3) improving decision making process by introducing key drivers of CzRM success in each organization.

**CITIZEN RELATIONSHIP MANAGEMENT VALUE CHAIN**

The value chain approach is a powerful tool to create wealth in poor communities and to promote equitable economic growth. The value chain approach offers some merit as a framework for understanding current situation and opportunities for improvement. In other words the value chain approach can be applied as a starting point for improvement strategy formulation. As noted in the United Nations "World Public Sector Report 2003: e-governments at the Crossroads", "public value refers to the value created by government through provision of services, the passing of laws and regulations and other actions". The following figures demonstrates the value chain of CRM model. The model identifies five key steps in the development and implementation of strategies and four supporting conditions.

**Primary stages**

**Citizen portfolio analysis**

This encompasses an analysis of the actual and potential citizens which involves identification of citizens with various service requirements. This is similar to establishing product market relationship in business. This essentially means that each citizen should be uniquely identified with his/her basic details (Kannabiran et al., 2005). In this stage, citizens are classified according to different characteristics. For example Box (1998) identifies three types of citizens, classified along a continuum of their desire to affect rulers' actions and public policy process. (1) Free riders are considered consumers of public services who receive public goods gratis and let others do the work of citizenship; (2) Activists, by contrast, are deeply involved in public life and in citizenship actions for community; and (3) Watchdogs, in the middle of the continuum are involved only in key issues that are relevant to themselves personally. In CRM, there is focus on strategically significant customers, including those that will generate profit (value) in the future, but people rarely identify themselves as being customers of a particular government service. While the private sector can just focus on meeting its customers' needs, government must focus on the desired public service outcomes as well as the needs of individuals (Varney, 2006). In summary, by the end of this phase citizens are identified and assigned to different categories according to their requirements, expectations, abilities, preferences, behaviors and attitudes.

In summary, deep insights into citizens needs, behaviors and motivations, plus the ability for citizens to have better information on the services offer; all important for the design of public services that support the government desired policy outcomes.

**Service design**

In this stage according to the identity, profile, history, requirements, expectations and preferences of the citizens that you have chosen to serve, obtained in previous stage, the services are designed accordingly. This functionality relates to the service delivery agencies which may be owned by the government or by private or even by government-private partnership. These agencies are responsible for designing appropriate schemes and approaches for different classes of citizens. This entity essentially needs data about citizens and configures services (Kannabiran et al., 2005).

In a complex world which presents us with a plethora of choices at every turn, anything that saves time and reduces the number of decisions needed to be made will be swiftly embraced by citizens, regardless of age or social profile. Consequently a special attention should be paid to this factor when designing services for citizens. Another important issue is engaging citizens, the focal point for services, as a part of policy development, service design, delivery and improvement plans. In this stage, designing mechanisms to ensure that only appropriate classes of citizens get served is necessary (Varney, 2006).

**Organizing the network**

After designing the appropriate services, there is a need to identify, brief and manage relationships with government
and nongovernment network members. These are the organizations and people that contribute to the creation and delivery of the service for the chosen citizens. The network can include external members such as suppliers, partners and owners/investors, as well as one important internal party, which is employees (Buttle, 2004).

Facilitating the development of such kinds of arrangements is most generally based on a network type. The basis for network coordination is a communicative rational rather than an instrumental one, because network coordination involves continuous processes of exchange and bargaining through which resources are re-allocated (Kickert, 1997). A shared vision of the future and a common strategy are important coordinating mechanisms in highly specialized and interdependent networks where the market mechanism or hierarchical coordination cannot be relied on.

The outputs of this stage will deliberately promote learning, exploration and change within and alongside the existing systems and networks of government agencies. The added value obtained from efficient organization of networks of government agencies and citizens is broadly recognized by all the players. The policy of many governmental organizations should consequently be aimed at collaborating with each other for delivering the appropriate service in right quantity and quality on a timely basis.

**Delivery channel management**

Developing a real understanding of what citizens want from the public sector creates the opportunity to provide services through channels that will best respond to their needs. Channels are a means for organizations to deliver services to citizens and businesses and for citizens and businesses to access government through a variety of communication and delivery methods (for example, post, telephone, face-to-face, online, mobile, digital television, fax and kiosks) directly through government or indirectly through intermediaries, such as voluntary organizations (Varney, 2006).

A multi-channel service delivery approach involves making better and more flexible use of the full range of government service delivery channels in a consistent and coordinated manner, supported by back office information resources and IT systems.

The foundations of channel management are (Varney, 2006):

i) Treat different citizens differently; equity of treatment is not the only way to achieve equity of outcome;
ii) Understand that different citizens use different channels and channel combinations for different purposes and under different circumstances;
iii) Take into account often complex nature of public service provision; and
iv) organize and measure current service and future plans around the citizen you are trying to reach.

**Manage the citizen lifecycle**

The last stage is to manage and track the life cycle of citizen interactions. Plein et al. (1998) argue that, the life cycle of citizen participation tends to be short because citizens are more issue-oriented than process oriented. Therefore, the greatest problem in sustaining collaborative planning is maintaining citizen participation. This functionality enables the citizens to be in touch with the service provider once they sign in with a service provider, the citizen should be protected against all aspects that relate to delivery or non-delivery issues (Kannabiran et al., 2005). Key events in citizens’ life cycle management are to influence citizens’ perception of government by providing a “positive” experience which is very important to encourage further use of services outside of these life events.

**Supporting conditions**

**Strategic direction**

Governments need to take a holistic view of the policy-making cycle to support the processes of CzRM. Governance bodies may also acquire legitimacy through their efforts at leadership, through effectiveness at producing outcomes or by generating consensus around a vision (Newman et al., 2004). Leaders and public have a broad and long term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural, and social complexities in which that perspective is grounded (Institute on Governance, 2006).

To ensure consistency in objectives and implementation of policy and management instruments, governing bodies should have generated a long-term vision with short- to medium-term measurable objectives, strategic direction should be vertically consistent with arrangements at other governmental levels, and policy and management instruments should be horizontally consistent across protected area organizations. The design and implementation of policy and management instruments also needs to take account of, and be suited to the particularities of local conditions (Lockwood, 2009).

**Legal infrastructure**

A regime or programme that creates an effective infrastructure for securing delivering of good services to citizens requires concerted and comprehensive development
of several elements, including laws, policies, industry self-regulation, technical standards and law enforcement. Governance can only be good and effective when it is restrained by the law and when there are professional independent authorities to enforce the law in a neutral, predictable fashion. Effective government, well functioning markets, and the protection of human rights all require that there be clear rules about what constitutes acceptable conduct in all realms of economic, social and political life. All actors, public and private, must have confidence that those rules will be observed and enforced (USAID, 2002).

Central to the generally accepted conception of the “rule of law” is, nevertheless, the notion that government is itself the subject of law (Frischtak, 1997). More specifically, the following can be identified as commonly stated requirements (Ogus, 2004).

- i) Rules published and thus readily accessible
- ii) Rules which are reasonably certain, clear and stable (thus excluding decisions of unconstrained discretion)
- iii) Mechanisms ensuring the application of rules without discrimination
- iv) Binding decisions by an independent judiciary
- v) Limited delay in judicial proceedings
- vi) Effective judicial sanctions
- vii) Compliance by, and accountability of, the government and its officials in relation to relevant rules

**Information and communication technologies**

In order to provide better service for the citizens and businesses, governments take advantage of information and communication technologies (ICT) to complete the e-government strategies, so that eliminate existing bureaucracy and therefore achieve significant economic and operational efficiencies. Acquiring, storing, enhancing, maintaining, distributing and using citizen information are critical elements of e-government strategies (Cao and Che, 2007). The data requirements of these strategies are determined by the decisions made and the activities undertaken in the five main stages of the CzRM value chain. This means that CzRM uses ICT to gather data, which can then be analyzed to provide the information required to create a more personal interaction with the citizens for improving its services to citizens, enhancing productivity and strengthening social order (OECD, 2001). It is obvious that governments and governmental institutions are the most complicated organizations in the society providing the legal, political and economic infrastructure to support the daily needs of citizens and businesses (Cao and Che, 2007).

Consequently, government should encourage its citizens to increase their use of online services to do their business, including interactions with the public service, so that the services are delivered to the citizen through the increased efficiencies enabled through ICT (Kerby, 2005). Finally this should not be forgotten that technology is just an enabler not the solution.

**Citizen engagement**

Engaging citizens in CzRM process is a sound investment in the design and delivery of better public service and a core element of good governance. To achieve a better public value for society from government, decision makers must understand the importance of involving citizens in the design and implementation of delivering services. Some researchers have rejected customer-driven market approaches to the delivery of public services. Instead they espouse models of delivery rooted in collaboration and citizen engagement (Martin and Webb, 2009).

The OECD (2003) has developed a three stage maturity model for government engagement with citizens:

- Stage 1: Information stage; a simple one-way relationship in which government delivers information to citizens:
  
  Government 💪 Citizen

- Stage 2: Consultation stage; a two-way relationship in which citizens provide feedback on issues defined by government:
  
  Government ↔ Citizen

- Stage 3: Active participation stage; a collaboration in which citizens actively shape policy options, but where government retains the responsibility for final decisions:
  
  Government ↔ Citizen

In other words, this supporting condition aims to encourage all citizens to exercise their right to express their opinion in the process of making decisions concerning the public interest and delivering service, both directly and indirectly (UNDP, 1997).

Given the diverse range of citizens and the complex nature of governance, it is necessary to look beyond the usual organizational and cultural barriers and place specific emphasis on the issues of privacy and trust (OECD, 2003). In addition the stock of social capital, in the form of networks and associations that draw people together in relations of trust, reciprocity, and voluntary cooperation for common ends is very important in citizen engagement. Social capital fosters investment and commerce and breeds the civic spirit, participation, and respect for law that are crucial foundations of development and good governance (USAID, 2002).

**CASE STUDY**

This paper is one of the achievements of a study aiming
to analyze and design strategic program in the most important public relations agency in Iran. Center for Investigating complaints of people in the office of president which is the most important center to design and plan communication with people in the executive branch using very high functional and organizational capacity and plays a very crucial role in the development of effective and deep communication between the public and various executive institutions. The center is established before the Islamic Revolution and is still under the supervision of Presidents Office and has the responsibility to manage public communication at the highest level of executive branch.

Supporting conditions

Strategic direction

To assess the overall strategic direction of an organization, three levels have to be emphasized:

i) Macro level: analysis of the prevailing philosophy in the political system;

ii) Meso level: analysis of government strategy basics;

iii) Micro level: analysis of the specific approach used in the branch (or macro-organization).

Strategic direction analysis of the Center for Investigating Complaints from the three aforementioned perspectives is presented as follows:

i) Strategic approach of the Islamic political theory about the relationship between people and government: as noted before, recognizing macro direction and binding principles governing the operation of this center, requires the correct understanding of the Islamic political theory about the interaction between government and people. For this purpose, four cognitive areas in the Islamic political theory including: work and responsibility, people's position, the concept of governance and the interaction between people and the government in Islam is analyzed. From the viewpoint of Islam, work or responsibility, is a trust which is entrusted to man, and who look at such work and responsibility as a mean to flourish, working will result in his or her satisfaction and this will improve working and administrative ethics. Imam Ali (A.S.) says: "Behold, your work and responsibility, is not bait, but a trust and the one entrusted you with this to handle it, made you responsible for guarding its integrity and you are the one to answer".

ii) Strategic approach of Islamic republic of Iran to the government and people's relationship: In the Islamic Republic of Iran, which has based his political philosophy on the model of Islamic government, the type of relationship between people and the government follows the pattern of Islamic rule. In this regard, Imam Khomeini, founder of the Islamic Republic of Iran addressing the public managers at the beginning of his campaign before the Revolution, states: "government belongs to the people. You are servant of people; governments serve the people." After the revolution he makes the politicians pay serious attention to this point and states: "you all serve these people, you are hired by these people, and they are paying for your service."

iii) Strategic approach of the government (executive branch) to the relationship of people and governance: the executive branch in Iran as one of the three pillars of the political system, having the maximum communication with the people has always paid sufficient attention to the relationship between people and the government. All presidents after the revolution have paid this attention, so that The Center of Investigating Complaints of People, taking several titles, has always been in the institutional structure of presidential activity with the mission to manage the people's relationship with various public and executive organizations.

Based on the these remarks and emphasis considered above, it appears that the approach of serving people exists as a strategic issue in different macro and micro layer of governing activities of The Center for Investigating complaints in the office of president. It is expected that based on this approach, this center could effectively manage the interactions between people and various sections of the executive branch.

Legal infrastructure

Studying the binding legal documents of the Islamic Republic of Iran shows that the management system of interactions with people has the desirable legal infrastructure in to some extent and this issue has been emphasized in the legislation processes in Iran. Although, there are other centers at the level of three main branches monitoring the interactions of people and the government, but the center of investigating complaints in the presidential office is one of the main institutions to manage most of these communications, and so there is a legal credit for the implementation of this mission at the national level.

Information and communications technology

In order to develop and strengthen the quality and quantity of various channels of communication between people and the government (either directly, electronically, telephone, writing and using tools ...), the center regards the information and communication technology as one of the key infrastructure in providing these services. The most important step in this regard, is the planning and establishment of public/government communications
system (SAMAD) through a variety of communication channels (including phone, systems management server (SMS), fax, website, email, face to face inquiries and correspondence) in the provinces in the context of ICT. This project which can be seen as a part of the people and the government portal provides the possibility of rapid communication between the public and different levels of government for a significant portion of the people and creates a suitable mechanism for executive agencies to respond to people using information technology.

**Citizen engagement**

Despite the importance of citizens’ participation, the center has not done any purposeful activities in this regard. Based on this and considering the nature of activities and status of its relationship with a wide range of people, by creating the necessary mechanisms for receiving and addressing reports related to different parts of government (including agencies and managers), this center can provide the opportunity for people to play their roles in the government policies and procedures. These
two roles are as follows:

i) The executive role in terms of participation in the affairs (including participation in executive and political affairs)
ii) The corrective role to monitor the procedures to keep the state health.

Primary stages

Citizen portfolio analysis

There is no doubt that the high volume of communications with people, including requests, complaints and reports, provide an opportunity center of investigating complaints to recognize and address complaints, attitudes and demands in the society with an enormous capacity, and with relatively high accuracy. Accordingly, this center has devoted itself to identify bottlenecks existing in the society by analyzing reports and inspection results received from the public and submitting the results to the relevant managers. For this purpose, various experts in the field of statistics and data analysis, sociology, psychology, economics, commerce, culture and education, legal and judicial affairs and infrastructure are gathered in this center to provide the necessary capacity in order to analyze the public view.

Service design

It is evident that the centers position at the national level and in the office of head of the executive branch necessitates a comprehensive approach in addressing issues. In other words the center is expected to play this comprehensive role in services chain. Accordingly, this center now has confined activity to addressing people's complaints, receiving, processing and collection of communications (including requests, complaints, report, proposals), referring them to the related organizations and institutions in order to address and solve the issue in cases that it requires collaboration between different organizations and finally answering to these communications to achieve definite and logical results, and thus plays a crucial role in the chain of designing services. Functional analysis of these factors show that some of the centers activities in the field of designing services are acceptable, but it is expected that having a national position the center should be able to give more sophisticated services including national analysis which will be a strategic option at the national level.

Organizing the network

The structure of communication network management between people and government in the office of they president, the ministry, the province and cities is a top-bottom one and starts from the Center for Investigating Complaints of People, and goes to the offices of inspection, evaluation, investigation of complaints in the ministries, departments of performance evaluation in the office of the governor. It seems that this structure has the necessary extent to provide services through referral and follow-up mechanisms and can realize the functions of interactions management system at monitoring and executive levels.

Delivery channel management

The center uses an integrated management of communication channels as a software application, and provides electronic connection between all the channels and various sectors within and outside the organizations. The channels used in this center can be categorized in the following four main groups and they are managed through an integrated information technology infrastructure:

1. Telecommunication network: Telephone, SMS and Fax
2. Written correspondence
3. Visiting
4. Internet: E-mail, and Web.

Schematic view of integration of communication channels management system in the center and its relationship with various sectors is displayed in Figure 3.

Life cycle management of citizens

After receiving the requests of citizens, all requests are classified in an integrated manner. The status of each application and the process to address them can be traced in this system. Once the addressing process of an application was completed the data is sent to citizens in the specified interval, so that they can get in touch even in case of problem. This creates a favorable image in the minds of citizens and increases centers acceptability, therefore resulting in the tendency to participate in the different processes of this center.

CONCLUSION

Government and citizens are not just two entities but through their interaction provide a wide context of analysis. CzRM is derived from the commercial concept commonly referred to as CRM. Traditionally, CRM has been a commercial business application to provide business a more strategic competitive advantage by delivering a seamless, unified customer experience for interactions regardless of internal organization. Now, CRM is an attractive tool for government organizations as
transform themselves to foster the translation of citizen-relevant data into actionable information by providing the right information to the right person at the right time. In this paper, a value chain approach to government activities associated with citizens is provided. In this approach the principles of CRM and good governance are combined together. The proposed CzRM value chain model can be use as a conceptual framework for implementing CzRM in government organizations. In addition, this model can be used as a framework for understanding current situation of CzRM and opportunities for improvement which enables governments to become more citizen centric. Finally, the results of implementing our proposed model in an Iranian governmental organization are presented as an empirical study.

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