

DOI and e-CRM of licensed commercial banks: The literature review and future research propositions

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Introduction

In 1962, Everett Rogers, Professor of rural sociology published a theory for the adoption of innovations among individuals and organizations from over 508 diffusion studies. Under this theory of innovation diffusion (DOI), there are four fundamentals: innovation, communication channels, time and a social system. Thus, diffusion is the process by which an innovation is communicated through specific channels over time among the members of a social system. Nowadays customer relationship management (CRM) is concerned with using technology in implementing relationship marketing strategies. Electronic customer relationship management (e – CRM) is the outcome of changes in traditional marketing by integrating technologies of new electronic channels such as web wireless and voice technologies and combines them with e-business application into the overall enterprise customer relationship management strategy. Banks are looking for new ways to increase their customer potentials and service quality via e-CRM (Sue, Fjermestad and Romano, 2004).

Apart from government banks, private owned licensed commercial banks play a significant contribution to the banking service sector. Therefore, they are converting their usual servicing facilities into innovative technology-based services to their customers (Das, 2013). There are a vast amount of banks attractively providing banking services. Hence, they needed to embrace applications of technologies into their activities.

Most of the researches have been conducted to test the technology-based marketing activities in CRM rather than testing what theory says about in the marketing activities in e-CRM. Even though, there is a lack of research or study about innovation diffusion application on e-CRM. At the same time, e-CRM and private banking system related studies are also not an accountable manner. This is the significant “knowledge gap” for this study. Especially, all previous researchers

have done a single area of innovation diffusion theory application studies, e.g., characteristics of innovation (Lee, Hsieh, and Hsu, 2011; Teo, Tan, and Wei, 1995). However, this study was reviewed and suggested future empirical research propositions of a complete theory of innovation diffusion applications in e-CRM in private owned licensed commercial banks. Especially, relationship through the electronic is needed to be considered and evaluated whether innovated or diffused? Because of knowing these aspects can help in finding the appropriate solutions. The problem statement of this study is “To what extent an innovation diffusion theory (DOI) applied on electronic customer relationship management (e-CRM) in private owned licensed commercial banks?” (Cooper and Schindler, 1998). Therefore, the research objectives are to diagnose the literature and establish the future propositions for the relationship between diffusion of innovation theory (DOI) and e-CRM of private owned licensed commercial banks.

Literature review

Rogers’ diffusion theory mostly deals with technology implication in advanced education and environment related to education (Medlin, 2001; Parisot, 1995). “Technology” and “Innovation” are used as synonyms by Rogers as diffusion research includes innovation in terms of technology. There are two parts in technology: Software which is information based tool and Hardware which is visible objects in terms of technology. Communication is defined as it is a set of the process which helps the users to share ideas and information from one person to another for common realization. Channels are used between sources in the communication process (Sahin, 2006). Diffusion is one kind of communication which consists of innovation, two individual or units of adoption and channels as communication elements. Rogers (2003) stated that most behavioral researches do not consider the time aspect and time dimension in diffusion is illustrated as strength. A time dimension is included in the innovation-diffusion process, adopter categorization, and rate of adoptions. Murray (2009) stated that the potential adopters decide to adopt or reject an innovation after analyzing the innovation. However, time, energy, and careful consideration are required to decide on the adoption or rejection of innovation for the potential adopter. Individuals’ innovativeness as the primary criterion for categorizing adopters is affected by the nature of the social system. Rogers defined that categories of adopter are meant as the classification of individuals in a social system in terms of innovation. Rogers (2003) defined that individuals in each category are similar in terms of innovativeness. Innovativeness means to what extent individuals adopt innovation with other groups in the social system.

Summary of the variables of Innovation Diffusion Theory (DOI) and Electronic – Customer Relationship Management (e-CRM) have been shown in the following