

IMPORTANCE OF HUMAN RESOURCE MANAGEMENT IN ACHIEVING CUSTOMER RELATIONS

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ABSTRACT

This paper tries to find out the relationship between Human Resource Management and its impact on customer relations in every organization.. The HRM depends on employee's morals and efficiency. If we have a good HRM system, an organization can strongly enhance its customer relations. Customer plays main role in CRM or in any enterprise. Organization should develop its HRM and Human Resource strategies. The necessity of human resources in an organization have been known and proven also that the strategies should be built and the investments plannings should emphasize on the humanistic materials such as, motivation, recruitment, payment, promotion and, etc. or the steps in CRM process that are applying for having fixed and loyal customers or having a strong relation with our customers that they trust us, the present paper is an attempt to understand the importance of various HR practices including Total Quality Management practices of human resources of organization to achieve harmonious customer relations.

INTRODUCTION

Most businesses spend more time and energy trying to find new customers than in retaining the customers they have. The logic behind customer retention is simple - it costs far less money to keep current customers happy than to spend more money to recruit new customers. Loyal customers tell their friends about the organization's products and services business and will spend more money than new customers. There are seven steps to retain customers and thus customer loyalty.

Firstly, select the right people. Most businesses do a poor job of hiring people. They hire just anyone and place them on the front-line with customers. Spend more time recruiting and hiring the right people with good personalities. Focus on those who are friendly and demonstrate an interest in and enthusiasm for the job. Consider using personality profiles as part of the hiring process. These profiles help identify the true personality characteristics of your applicants. Secondly, sensationalize the service experience for organization's customers. Good service is not good enough. A recent Gallup survey showed a customer who is "emotionally connected" to your place of business is likely to spend 46% more money than a customer who is merely "satisfied"

but not emotionally bonded. Thirdly, set performance standards. Outline the behaviors you expect from your employees; tell them your requirements for how employees should act, speak, and respond to customer needs and requests. Develop your own that fit your business.

Sustain on-going training and reinforcement is fourth step. Good customer service skills are not natural for most people. Effective customer service training must be reinforced and taught on a recurring basis. The organizations must provide a thorough customer service training program for all of its employees during their orientation. Then each supervisor conducts a daily "line-up" to review one of the commandments with his employees ten minutes before each shift.

Fifthly, specify incentives for demonstrated good customer service behavior. As, employees want to be paid well, but they also want to be treated with respect and shown appreciation. The front-line supervisor has the greatest impact on motivating and retaining employees. Reward those who exceed the standards and provide development for those who do not. On the sixth place is survey your customers and reduce your defection rate. On average, businesses lose 15-20% of their customers each year to their competition. All businesses encounter this defection rate, but few do much about it. To improve customer retention, one client sends out a customer service report card to its top customers every month. This requires the customer to make an evaluation based on four specific criteria. They tally the results and make sure employees see the scores. This motivates the employees to do a better job. The last step is to seek customer complaints with enthusiasm. For every complaint you receive from customers, there are at least ten other customers who visited your business who have the same criticism - they just didn't share theirs. A portion of those ten people just took their business to your competitors. Look at customer complaints as a golden opportunity for improvement.

IMPORTANCE OF HR PRACTICES- CUSTOMER SATISFACTION AND HR

HR is crucial to improve customer satisfaction-surprising but true. The maxim 'customer is king ', signifies the importance and value of customers. Customers are crucial for a business and a customer friendly culture drives a company's profitability. No longer is the sales team alone expected to determine customer satisfaction. HR too plays a major part in ensuring customer satisfaction by hiring the best talent and training them to serve customers effectively. Customer satisfaction and loyalty can take the company ahead even during a downturn.

In order to drive customer satisfaction to an enviable level HR should concentrate on smart hiring practices and employee development.

HIRING THE BUDDING STAR PERFORMERS

To build a customer friendly culture HR should hire only such employees who are capable to reinforce customer satisfaction. A successful customer service representative is one who is an optimist, flexible and able to manage stress and criticism. He should

be able to strike a balance between his interests and that of the company and the customer. Thus, scrutinizing a potential candidate should begin from the time he appears for the interview. The candidate's body language and attitude before and during the interview might give some cues about his capabilities. Probing situations the candidate may have encountered during his earlier work experience during the interview helps to identify the candidate's abilities and attitude. And thus results in development of a new HR system, the new system appraise the prospective candidate's traits. This is done through open-ended questions in the interview and a comparison of their traits with those of well-known personalities in the same field.

TRAINING THE BUDDING STARS

On being recruited, a candidate should be trained to establish customer relationships. To serve the customer better one needs to understand his needs. For this the employee should be aware of the different personality traits and their behavioral patterns. Effective communication skills need to be imparted. Further developing the voice tone of the employee and his body language take the lead here. Research shows that 55% of the total impact of an employee's interaction with the customers is by body language and 38% by his tone. In particular, employees serving customers telephonically need to improve their listening skills, as it is difficult to comprehend the same over the phone. Listening to the customer attentively and restating it concisely shows the kind of attention a customer is given. They insist that their employees speak in an amicable manner to customers. Words like 'certainly', 'it's been my pleasure' put the customer at ease and display the employee's zeal to serve.

BUILDING CUSTOMER LOYALTY THROUGH EMPLOYEE LOYALTY

Employee allegiance is crucial to build customer satisfaction and loyalty, because customer and employee satisfaction run parallel. New employees feel good about their company when they have the opportunity to acquire new skills and move up the corporate ladder. Once an employee stays with the company for about 3 years he gets restless if nothing new is happening. Similarly, new customers feel thrilled by the attention showered on them by the company. Over the years, regular customers used to attention, however begin to feel neglected and explore new avenues. An organization that does not acquire the loyalty of the customer or employees might be left in lurch. The two are interdependent. If the employee is happy then the customer satisfaction is also high.

IMPACT OF TQM IN HRM ON CUSTOMER RELATIONS

Macky studied in his study that implementing a total quality management system has become the preferred approach for improving quality and productivity in organizations. TQM is a participative system empowering all employees to take

responsibility for improving quality within the organization. TQM calls for a change in the corporate culture, where the new work climate has the following characteristics:

- An open, problem-solving atmosphere;
- Participatory design making;
- Trust among all employees (staff, line, workers, managers);
- A sense of ownership and responsibility for goal achievement and problems solving; and,
- Self-motivation and self-control by all employees.

He further cited that the end result of TQM is the efficient and effective use of all organizational processes in providing consistent quality at a competitive price. This is a long-term endeavor that links people and processes in a system that alters the corporate culture to become one where quality is the core aspect of business strategy.

TQM & HRM

In cultivating the TQM culture, strategy implementation must involve a focused effort on the part of every employee within the organization. It cannot be applied successfully on a piecemeal basis. TQM requires that management, and eventually every member of the organization, commit to the need for continual improvement in the way work is accomplished. Business plans, strategies, and management actions require continual rethinking in order to develop a culture that reinforces the TQM perspective. The challenge is to develop a robust culture where the idea of quality improvement is not only widely understood across departments, but becomes a fundamental, deep-seated value within each function area as well.

HRM can jumpstart the TQM process by becoming a role model. This means that HRM has two specific tasks: "Serving our customers, and making a significant contribution to running the business." This emphasis on customer oriented service means that the HR department must see other departments in the firm as their customer groups for whom making continuing improvements in service becomes a way of life.

In their efforts to achieve total quality management, HRM can demonstrate commitment to TQM principles by soliciting feedback from its internal customer groups on current HR services. HRM should include suggestions from its customers in setting objective performance standards and measures. In other words, there are a number of specific TQM principles that the HR department can model.

APPLYING TQM PRINCIPLES IN HRM.

The current emphasis on quality as a competitive strategy has produced many views regarding the actions necessary to achieve it. Leaders in the quality movement (Deming, Juran, Crosby, Feigenbaum) have proposed similar approaches which share certain themes. These themes can be summarized as five basic principles:

- Focus on customers' needs;

- Focus on problem prevention, not correction;
- Make continuous improvements: seek to meet customers' requirements on time, the first time, every time;
- Train employees in ways to improve quality; and,
- Apply the team approach to problem solving.

To institute total quality management as a philosophy within an organization, all employees must come to realize that satisfying customers is essential to the long-run well-being of the firm and their jobs. No longer is the customer-driven focus exclusive to the marketing department. But customer satisfaction can only be achieved after first defining the customer groups. The new perspective here is that all employees exist to serve their customer groups, some internal and some external to the firm. The human resources department has internal customers to satisfy, which indirectly provides ultimate satisfaction to external customers.

In addition to identifying customer groups, there are other essential TQM customer issues. Clarifying what products and services will provide maximum customer satisfaction, measuring satisfaction, and continually monitoring and improving the level of customer satisfaction are all fundamental to the TQM philosophy. For the HR department, applying these TQM issues would translate into identifying the expectations of senior management -- their principal internal customer -- regarding TQM, and spearheading the TQM program's implementation on the basis of those expectations. TQM in practice for HRM might also mean periodic surveys, both formal and face-to-face, to monitor senior management's levels of satisfaction as the TQM process unfolds.

The TQM approach entails identifying the wants and needs of customer groups and then propelling the entire organization toward fulfilling these needs. A customer's concerns must be taken seriously, and organizations should make certain that its employees are empowered to make decisions that will ensure a high level of customer satisfaction. This can be achieved by promoting an environment of self-initiative and by not creating a quagmire of standard operating procedures and company policies. Flexibility is the key, especially in a business environment that is diverse and constantly changing, as most are today. In modeling these aspects of the TQM process, the HR department would need to identify human resource concerns of other departments and undertake to continually improve its performance, especially in any trouble areas that come to light.

Based on this "customer first" orientation, organizational members are constantly seeking to improve products or services. Employees are encouraged to work together across organizational boundaries. Underlying these cooperative efforts are two crucial ideas. One is that the initial contact with the customer is critical and influences all future association with that customer. The other idea is that it is more costly to acquire new customers than to keep the customers you already have. Exemplifying TQM here

would mean that the HR department would need to train itself, focusing on being customer-driven toward other departments

The effective use of quality improvement teams, and the TQM system as a whole, can be reinforced by applying basic principles of motivation. In particular, the recognition of team accomplishments as opposed to those of individuals, and the effective use of goal setting for group efforts, are important in driving the TQM system. The HR department is in a position to help institutionalize team approaches to TQM by designing appraisal and reward systems that focus on team performance.

For many companies, the philosophy of TQM represents a major culture shift away from a traditional production-driven atmosphere. In the face of such radical operational makeovers, a determined implementation effort is vital to prevent TQM from becoming simply latitudinal and the team approach just another management fad. Senior management must take the lead in overt support of TQM.

In summary, top management's responsibilities in the TQM implementation process include initiating agreement on goals and measures that cascade throughout the organization; providing the agreed resources (people, money, training, machines, etc.); assigning authority and establish deadlines to put resources into motion; monitoring progress in achieving goals, not to apportion blame, but to aim for improvement; and, measuring improvement and reward both the achievement of goals and the ways they are achieved.

Beyond modeling TQM, the HR department, with senior management's support, can play a leading role in implementing a quality strategy across the firm.

Human resource management can plan a vital role in implementing and maintaining a total quality management process. HR managers are responsible for recruiting high-quality employees, the continual training and development of those employees, and the creation and maintenance of reward systems. Tailoring the TQM cultural development program to the firm's circumstances is essential in overcoming resistance to change and moving beyond simple compliance toward a total commitment to TQM and preparing employee more customer friendly as they are the first customer of the quality services of the organization.

Holding a major liaison role between top management and employees, HRM has many opportunities to establish communication channels between top management and other members of the organization. Using these channels, HR personnel can ensure that employees know they are the organization's number one priority in implementing TQM. Building trust through an open exchange of ideas can help allay fears regarding the work-role changes that TQM requires. This can provide the foundation for all employees to be trained to consider their peers in other departments as internal customers. Here again, HRM has the opportunity to emphasize this new outlook by example. By exemplifying a customer-first orientation, HRM can help establish a departmental view of service throughout the entire organization.

CONCLUSION

Obtaining cooperation from other departments in the use of surveys largely depends on their perception of HRM's role in the survey process. The challenge is to establish that HRM is not usurping departmental prerogatives, but is instead a helpful collaborator assisting each department in making their own quality improvements. Emphasizing HRM's collaborator role can be accomplished in the participative spirit of the TQM philosophy by involving other departments in the development of the survey instrument itself. This involvement begins the process of helping each department own the TQM program which will follow. Thus, using a cross-functional TQM survey development team provides an early opportunity for HRM to exemplify the TQM team philosophy and dispel territorial fears about how survey results will be used. Similarly, the use of HR practices and TQM at employee level a successful customer relationship management can be done by the organization to retain the existing customers and increase future potential market share.

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