

UNIVERSITY OF KWAZULU-NATAL

**CUSTOMER RELATIONSHIP MANAGEMENT WITHIN THE
LOCAL GOVERNMENT: A CASE STUDY OF ETHEKWINI
MUNICIPALITY**

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DECLARATION

I, Sarasvathy Chetty, declare that

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ABSTRACT

The Batho Pele principles (enshrined in our Constitution) redefined the relations between the users of municipal goods and services and municipalities. It compels local municipalities to comply with certain requirements such as providing tools and mechanisms to encourage citizens to participate in its decision making processes as well as improving relations with its customers. eThekweni Municipality created two business units namely the Community Participation Unit and the Regional Centres Unit. The Community Participation Unit is responsible for mobilizing the local rural and urban communities to participate in local government elections. The Regional Centres Unit is responsible for improving relations between the users of municipal goods and services and the municipality by providing access to local government services at the doorstep of citizens, improving customer relationships, identifying and implementing initiatives to enable customers to interact with the municipality when they want to, where they want to and how they want to.

Citizens and municipal customers are a captive market. Municipal goods and services in the main can only be sourced from the municipality. The perceptions of municipal customers towards the municipality were mostly negative. There were no precedents that could be learnt from and this was a paradigm shift from government to governance. eThekweni Municipality looked to private sector practices for models, philosophies and practices that could be useful for achieving change as well as compliance with legislation. Companies in the private sector have to compete for customers and whilst price may be a differentiating factor, it is not sustainable to compete on pricing alone. To remain competitive and survive, companies are dependent on strategies that provide them with a competitive edge such as CRM. CRM initially was used describe software that collected and analysed data on customers assisting companies to become agile in responding to their clients, to enable them to reward their loyal customers and to be able to predict and pre-empt changes in buying behavior and preferences of their customers. It evolved into a philosophy on customer service focused on providing customers with a satisfying experience in every interaction with the company. It is used to identify improvements in the business operating model to improve delivery to the customer and to the market.

This study is based on a case study of the experiences of the eThekweni Municipality in implementing CRM initiatives and the impact on relations with municipal customers. The study is based on test sampling, review of documentation and interviews with senior management in eThekweni Municipality. The results of the study are discussed with recommendations.

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Chapter One

Introduction and Background

1.1 Introduction

This study focuses on the impact that customer relations management (CRM) implementation has had in eThekweni Municipality and whether there has been an effective efficient improvement in delivering municipal services and goods to provide a satisfactory customer experience to ratepayers and residents in the eThekweni Municipal area. Literature review will be conducted to define CRM and to review the effectiveness of CRM in marketing, customer management and customer care in a municipal context. Da Silva and Batista (2008) contend that governments can develop expertise and more effective programs if they know the preferences of their constituents thereby promoting municipal performance, productivity and provision of economical municipal services. Da Silva and Batista (2008) quote Burstein in observing that non-responsiveness may influence defeat in the next elections (local government elections in South Africa will be held in 2011). This implies that municipal customers express satisfaction in voting patterns during election. In South Africa, senior bureaucrats are appointed by the ruling political party and the link between the administration and political parties is strong. The performance of the administration could exert a strong influence on election outcomes. It therefore becomes very important for politicians and bureaucrats to realize the value of Customer Relations Management (CRM) for securing and retaining the loyalty of voters and for the possibility of attracting new voters. There are also legal imperatives upon local government making CRM an ideal vehicle to achieve compliance. The White Paper on Transforming Public Service Delivery (1997) provides a policy framework and practical implementation strategy for transforming public service delivery. BathoPele meaning “people first” spells out transformation principles and focuses on citizens as customers compelling municipalities to take charge of the requirements of citizens not only as end-users of municipal services but also as customers (BathoPele White Paper on Transforming Public Service Delivery 1997).

To achieve these objectives, the restructuring of the municipality in 2000 resulted in the establishment of the Regional Centres Department. This unit was given the accountability and responsibility to drive the CRM strategy that would empower citizens and allow them to interact with the municipality in whatever manner they chose thereby strengthening the Local Government’s chances of succeeding in meeting its obligation to deliver services to all citizens.

1.2 Background of the Study

Durban, with its variety of cultures, scenic splendor, local government stability and business opportunities, is quintessentially the flavour of South Africa. Toted as one of Africa's fastest growing cities with an annual budget exceeding R13 billion, it also has the enviable status of a debt-free metropolis. eThekweni Municipality appeared committed to deepening democracy. Shortly after the restructuring, the Regional Centres Unit introduced as the department responsible for Customer Relations Management for the municipality launched the Sizakala Customer Care Programme. The approach of the municipality was in full accord with the national BathoPele initiative (which seeks to put "people first") and its Integrated Development Plan. (eThekweni Municipality n.d.).

- The Sizakala Customer Care Programme seeks to provide municipal goods and services to municipal customers in a manner that is "*professional, practical and visible*"
- It is a tool to illustrate that the eThekweni Municipality is committed to service delivery and improving the quality of life for its customers
- It demonstrates that the Municipality is committed to upholding the principles of developmental local government
- It is evidence that the municipality is attempting to provide access to all citizens to local government services
- The Sizakala Customer Care Programme is supported by the Customer Care Policy, the Customer Service Charters and Customer Care Standards for the various service delivery departments which together represent the Municipality's promise to deliver to its customers.

It is from this premise that this study attempts to evaluate the extent to which the Regional Centres Unit's crafted CRM strategy has been able to support, achieve and deliver the CRM objectives of eThekweni Municipality. The study will investigate whether the strategy has improved the levels of customer satisfaction in the eThekweni Municipal area.

1.3 Motivation of the Research Study

King (2007: 48) observed that a little word like "Choice" is inspiring an extreme amount of "UK government rhetoric" which could just as easily apply to South African municipalities. One would tend to agree with King on his statement that the notion that citizens should be able to choose what services are provided for from the 'public purse' would have been dismissed as unrealistic for bureaucrats of the past. It would have been difficult for them to imagine a future of citizens as

empowered consumers with rights embodied in legislation to hold a local municipality accountable and thereby demand a customer-centric local government that will add to the quality of their lives.

Local government bureaucrats are more and more drawn to private sector management approaches in their efforts to improve and modernize their service. The eThekweni Municipality has adopted a customer relations management strategy to enable it to comply with legislative imperatives to involve municipal customers in the processes that inform the delivery of municipal services

1.4 Problem Statement

Improving relationships with society as users of municipal goods and services through adopting private sector, profit optimizing CRM models, methodologies and strategies would increase the efficiency of service delivery in eThekweni Municipality.

1.5 Objectives of the Study

The objectives of this study are:

- To learn from the strategies, methodologies and models designed and implemented by eThekweni Municipality to improve their effectiveness in promoting customer relations management thereby contributing to the current we on this subject.
- To critically analyse and assess how the roll out of the Business Operating Model for the eThekweni Customer Service Centres has improved access to municipal information and services for all citizens at acceptable standards and achieved its objectives of ensuring that consistent service is provided through the various channels viz. telephonically, electronically or face-to-face.
- To critically analyse and assess the effectiveness of the programs associated with change management, stakeholder involvement, branding and marketing of the Customer Service Centres to promote customer relations management in achieving the CRM objectives targeted by the eThekweni Municipality.
- To obtain responses from ratepayers and other users of municipal services and generate a report on their perceptions of the customer service provided by eThekweni Municipality.

1.6 Key Research Questions

What can be learned from the strategies, methodologies and models designed and implemented by eThekweni Municipality to improve their effectiveness in promoting customer relations management thereby contributing to the current body of knowledge?

- Has the roll out of the Business Operating Model for the eThekweni Customer Services Centres improved access to municipal information and services for all citizens at acceptable standards; and achieved its objectives of ensuring that consistent service is provided through the various channels viz. telephonically, electronically or face-to-face?
- Are the programs associated with change management, stakeholder involvement, branding and marketing of the Customer Service Centres to promote customer relations management effective in achieving the CRM objectives targeted by the eThekweni Municipality?
- How do ratepayers and other users of municipal services rate the customer service provided by eThekweni Municipality?

1.7 Synopsis of Literature Review

Research covered extensive review of secondary data sources namely internet sources and websites, academic and organizational journals as well as theses and papers written by other students and text books to obtain information and insight. Review of studies, reports and documentation by National, Provincial and Local Governments as well as information from the Regional Centres Unit of the eThekweni Municipality was reviewed and included in the literature review. Whilst there is a plethora of secondary information on CRM, some relevant and others not, as well as information on CRM initiatives and practices in other countries, there is a dearth of information on CRM initiatives and practices in South Africa. It was difficult to obtain information on the CRM initiative in eThekweni Municipality which may be due to CRM being a recent and relatively immature concept in the Municipality. Further, the CRM initiative in eThekweni Municipality is a complicated and complex concept to review as there are so many customer facing departments all with their own peculiar customer relations management practices. Whilst the Regional Centres Unit claims to own the CRM initiative, there is no evidence of any overlap or integration between the aforementioned unit and the rest of the Municipality's units which interact and relate to the customer.

1.8 Research Methodology

The Case Study Methodology was adopted as it is a useful approach when conducting research on organisations that are unique in nature which are experiencing the implementation of new initiatives or changes within itself (Ghauri & Gronhaug 1995). The case study approach is suitable to analysing a management condition and includes the collection of information through various sources such as organisational reports and documents as well as verbal interviews. It is also suitable when researching an organisation that is complex, multi-dimensional and yet integrative such as a local government organisation. Research questions seeking answers to ‘how’ and ‘why’ questions are suited to the case study methodology approach (Yin 1994). The case study method is best suited to qualitative and descriptive research but may also be used with quantitative research methods. A case study involves the review of historical data (Ghauri & Gronhaug 1995).

Kothari (2008) and Gronhaug et.al (1995) explain descriptive statistics as describing a situation as it currently exists which is useful for researching the preferences of people and analytical research as the critical evaluation of facts and figures on which conclusions are based. Descriptive research is based on test sampling as a more viable option as the population as a whole cannot be tested due to size, costs, etc. and therefore a sample representing the population is defined by research parameters and the outcome is recorded in the form of a written report (Kothari 2008). Applied research is undertaken to understand and solve practical social or business problems and quantitative research is a measurement research based on volumes and amounts.

To achieve the objectives of the research project, a hybrid of these techniques will be used in this study. As a case study, it will involve analysis of reports, documentation, publications and results of surveys undertaken by the eThekweni Municipality. The research design will include a survey in the form of a structured questionnaire which will be applied to a sample of participants drawn from the population. As existing theories will shape the approach of this study, the logic of the research process will be deductive and it will be predominantly quantitative.

1.9 Research and Ethics

According to Ghauri and Gronhaug (1995) “Ethics are moral principles and values that influence the way a researcher or group of researchers conduct their research activities”. The researcher should attempt to balance his/her personal values with social values and should be aware if his research is harmful to individuals, whether it is biased or aids interpretation to favour any organisation, entity, party, etc. The research should not be harmful to any individual by causing them emotional stress,

deprive them of their constitutional rights or devalue any individual. Respondents should be provided with the choice of anonymity, their consent obtained and be willing participants. The researcher must assume responsibility to meet all costs associated with the research conducted. Results of the research must be presented honestly. The results must not be misinterpreted or distorted from what the reality is. This research has ensured compliance with all these criteria for ethical research.

1.10 Limitations of the Study

Government departments are generally reluctant to allow access to information and the research may be constrained due to the difficulty experienced by the researcher to access information from departments other than the Regional Centres Unit within eThekweni Municipality. The findings of the research are very specific to the geography of the eThekweni Municipal Region and other municipalities will need to take this into consideration if applying this to their region. Detailed information will be provided in Chapter 3 of this research. The limitations noted will be factored into the research and considerations will be made when drawing conclusions and recommendations.

1.11 Structure of the Research dissertation

The study comprises of abstract together with seven chapters. In Chapter One the research study is introduced. Chapter Two sets out the literature review applicable to the research study. Chapter Three is a case study of the eThekweni Municipality. Chapter Four presents the research methodology and data collection. Chapter Five is the presentation of the results. Chapter 6 is a discussion of the results and in Chapter Seven conclusions and recommendations will be presented.

1.12 Conclusion

In the chapter the research subject was introduced by focusing on the background, motivation, aim and objectives, problem statement, research methodology and limitations of the dissertation. The next chapter is a literature review that is based on the theories of CRM and its application in the environment of local government.

Chapter Two: Literature Review & Case Study of eThekweni Municipality

Theories of CRM and its application to the Local Government Environment

2.1 Introduction

Cripps, et.al. (2004) observed that although an amalgamation of several municipal entities into one entity should improve the delivery of community services through economies of scale and increased resources, however, anecdotal evidence based on the restructuring of the City of Perth in Australia indicates that municipal customers were more satisfied with the services they received under the de-centralised, smaller local government structures. Andreassen (1994) also opined that centralisation made organisations less adaptive to the market and the environment. As a result of recommendations from the Demarcation Board, various small, decentralised municipalities throughout South Africa were incorporated into large, centralised single metropolitan municipal structures in the year 2000. The eThekweni Municipality was one of these newly created metropolitan municipalities and was faced with the continuous challenge of improving efficiency and effectiveness to enhance the customer experience of ratepayers and residents as users of municipal goods and services. As stated in Chapter 1, this study focuses on the impact of the use of CRM strategy on improving efficiency and effectiveness in the customer satisfaction experience of ratepayers and residents in the eThekweni Municipal area. This chapter will provide an overview of the review of literature consulted for that purpose as well as insight gained from the case study analysis of the eThekweni Municipality.

2.2 Customer Relations Management (CRM)

2.2.1 Defining CRM

CRM is a popular approach used extensively in the private sector to address the challenge of firstly the acquisition and retention of customers and more importantly building and sustaining loyalty and relationships with these customers (Kotler 2003). Kotler (2003) defines customer relationship marketing as an enabler used by companies to “...provide excellent real-time customer service by developing a relationship with each valued customer through the effective use of individual account information” and also notes that “winning companies are more productive in acquiring, keeping and growing customers.” CRM has been used to identify and implement service strategies that ensure a consistent satisfying experience for the customer across all channels of interaction with the company:

- To develop and build a deeper insight into the customer,
- To be able to predict changes in the future needs of customers, and

- To be in the position to influence the customer towards products and services that will meet those changed needs at the appropriate time (Kandell 2000).

Buttle (2004) contended that CRM “...is about the reinvention of our organizations around the customer. It is about becoming and remaining customer centric. Customers want to deal with enterprises when they want, where they want and how they want.” CRM, as stated by Dychè (2003) is “the infrastructure that enables the delineation of and an increase in customer value, and the correct means by which to motivate valuable customers to remain loyal, indeed to buy again.”

These authors demonstrate clearly that CRM has the embedded power to transform the relationship between citizens and local government structures once it is recognized to have the potential of being more than the simplistic notion of merely adding technological value. It is widely accepted and acknowledged that technology by itself will not resolve the challenges experienced by local government and should such a silo view be adopted to identify and implement transformation tools, it will probably cause more damage than influence any improvement for a municipality.

Many municipalities have begun to recognise the strategic thrust and benefits of CRM and have adopted CRM philosophies to affect transformation on all sections of the organisation. The broad categories of CRM solutions involve a set of integrated applications that embody different aspects and functionalities. CRM technologies can be classified in three general areas according to their roles or purposes (Dean 2001).

- Operational: technologies that manage customer service activities in contact centres, call-centres and field service databases.
- Collaborative: technologies that support field self-service applications, enabling different types of customers to work across a single service channel.
- Analytical: technologies that provide shifting facilities through data created during customers' interactions to find or generate useful business information.

2.3 Operational CRM versus Analytical CRM

The distinction between operational CRM and analytical CRM is important as it is directly connected to the CRM strategy chosen for implementation by the eThekweni municipality. Operational CRM is focused on the automation of the customer facing parts of the municipality. Various CRM soft-wares enable the automation of functions such as marketing, selling and services (Buttle 2004). The channel

in which a customer chooses to interact with the municipality is known as a touch-point. One such touch-point is the client facing offices available to consumers as contact centres, walk-in offices, front offices, etc. of the eThekweni municipality. Other examples of touch points, in the municipality, are the call centres, cell-phones, email promotions, etc. Whilst operational CRM is an enabler to simplify the communication and contact between the customer and the municipality, by design it will not improve service to its optimum levels (Dyché 2002; Reynolds 2002; Turban et.al. 2004). An example would be a consumer paying his utilities bill on the local government's internet site. This interaction could not be used by the municipality to state undoubtedly that the client prefers web interaction over face to face contact.

Analytical CRM is strongly associated with strategy and is used to collect and analyse data on customers' activities (Wubben 2008). Analytical CRM uses technology and new business processes to assist the company to understand and analyse all front office activities performed by the customer. The analytical capability of the software consolidates and processes the customer data and the business process functionality assists with improving the customer facing processes to increase customer loyalty (Wubben 2008; Haag et.al. 2005; Peelen 2005). There have been large amounts of investment into ACRM software and industry experts further predict that large sums of funds will continue to be expended by companies for ACRM software (Wubben 2008). There is a strong recommendation by experts that any organisation considering investing in CRM software should be based on a partnership between consultants, system integrators, the CRM vendor (Reynolds 2002) and Business Intelligence (BI) vendors to integrate the capabilities of all into a single joint offering (Payne 2006).

2.4 CRM Insights

Companies that were more concerned about what they were selling rather than who they were selling to have learnt the hard and expensive way (Gale 2004; Griffin 2001) that the purported conventional customer has died. An analysis of the municipality's bureaucratic structures, performance plans and job descriptions of its key representatives has revealed that it has embraced the need for change and for a higher performance culture. Some divisions, like some product-centric companies, are perceived to continue to hold on to built-up and outdated practices (Chamberlain 2007). Buttle (2004) observes that increasingly more and more companies are beginning to ask the "tough but correct questions and looking for the right answers" before they implement CRM. In the concept stage companies should undertake extensive research and investigation into work processes, business requirements, system requirements, alignment with controls, processes, people and systems before deciding to implement

CRM within the organisation. Companies should be certain that they will reap practical outcomes from CRM initiatives and products (Foss et.al. 2002).

CRM therefore involves more than simply information technology and is not simply a quick win solution for municipalities looking to improve customer relations (Chang 2004; Woodcock et.al. 2003; Newell 2003). To choreograph the organisation's business processes, people and systems to achieve superior customer relationships is a daunting task. To go fast the organisation must first go slow requiring, in addition to time, huge financial outlays as well as the outlay of resources (Greenberg 2004; Haudan 2008). Remembering that the business process should not be manipulated to suit the software and putting in the effort to get this right is pivotal to the success of CRM. Cutting corners and taking shortcuts, sacrificing the steps where the value-add is difficult to quantify or identify are sure to doom any CRM initiative of a company. Anglo Platinum allows up to 2 years for investigating requirements and undertaking process modelling of all activities, systems, process and people in any initiative recommended for re-engineering including CRM projects and is aptly summarised by the words of the professional authors of the CRM Handbook (2001) when they write that "Defending customers and profits while inspiring loyalty takes more than just CRM vendor tools. It takes understanding which type of CRM can best foster high-impact relationship improvements" (Addison-Wesley Professionals 2001).

2.5 CRM and Strategy

According to Buttle (2004:4), the term CRM can be traced to 1993 when Tom Siebel set up Siebel Systems Inc. Given the variety in the usage and application of the meaning of CRM, confusion and debate continues on the meaning of CRM. Buttle (2004:4) recommends thinking about CRM at three levels "... strategic, operational and analytical". At the strategic level, Buttle views CRM to be "focused on the development of a customer-centric business culture, this culture is dedicated to winning and keeping customers by creating and delivering value better than competitors. You would expect resources to be allocated where they would best enhance customer value, reward systems that would promote employee behaviors to enhance customer satisfaction, etc."

Technology single-handedly cannot tackle important themes such as marketing, customer recruitment, customer retention, etc. CRM is a strategic tool, and therefore CRM is more meaningful than any discrete project accounted for by a single division within a company. For the entire company, CRM is a business philosophy that affects every branch, division, section and person. Most companies will communicate their ultimate CRM vision through internal and external marketing and awareness

campaigns. Addison-Wesley (2001) lists the following typical objectives set by business when formulating their CRM plans:

- “We want to thoroughly understand our customer’s needs – even before they know them themselves.
- Decreasing customer churn by increasing customer satisfaction.
- Motivating customers to initiate revenue-generating contacts with us.
- Increasing the likelihood of the ‘right response’ by a given customer or customer segment.
- To use technology to improve customer service and enable a greater degree of customer differentiation in order to deliver unique customer interactions.
- We want to attract customers – both old and new – through more personalised communications.”

2.6 CRM and Leadership

Myatt (2007:142) recommends that leaders should focus on customer experience management (CEM) which is a subset of CRM and recommends knowledge management as a tool to retain the lessons learnt and the skills acquired during CRM initiatives. He further states that great leaders will have a well functioning organisation and will understand their role in creating and contributing to the right culture. This requires leaders that are involved in initiatives and areas that are more than simply having their name at the top of an organisation’s structure. Members of the Combined Ratepayers Association threatened to withhold tax for poor service and what they experience as being inaccurate municipal valuations of property (Cooke 2008). Durban’s slogan is “Durban, South Africa’s playground” which is aimed more at the visitors to the city than to the local residents that pay taxes and are dependent on the municipality for their day to day survival (Mapadimeng & Sultan 2010). Whilst spending funds to encourage tourism to the city does assist with economic growth and job opportunities for residents in the city, it is also important for funds to be spent on the delivery of municipal services. The leadership in the Municipality is made up of the bureaucrats and the elected politicians. Both have a responsibility to the people that appointed them and elected them into office. Their involvement in leading and driving CRM initiatives to improve and strengthen relationships with municipal customer will result in the success of CRM in the municipality.

2.7 CRM and ICT in the Public Sector

CRM utilizes information and communications technology (ICT) to gather data for analysis to inform a more personal interaction with the customer (Swift 2001). CRM operationally integrates business processes with technology to achieve the objectives of satisfying the customer’s needs (Bose 2002). It

is certain that there are major benefits associated with CRM initiatives. However, these initiatives must be carefully managed to achieve the desired results and it is imperative that expectations are clearly communicated and understood. It is extremely important to include system users given that business processes will need to be changed in conjunction with technology changes. Knowledge Management CRM integrates knowledge management and interactions management as two interconnected processes necessary to produce information key that is critical to building quality relationships in a cost effective way (Shanmugasundaram 2008). The successful implementation of this allows an organisation like a municipality to generate and use insights into customers so as to target products and services at the most correct and appropriate customer segments.

Pan et.al (2006) describes local government as “one of the most primitive and predominant service domains in any community, with a wide array of government services catering to all aspects of society and economy”. Thomas (1999) and Gregory (1999) regard the response of the public as a reliable barometer to measure effectiveness and efficiencies of local government and whether the interests of the public are fulfilled.

Zablah et.al. (2004) view knowledge management and interactions management as two interconnected processes that are central to the success of CRM implementation as these processes highlight the need to generate and use insights into customers so as to target products and services at the most profitable customer segments. As observed at the beginning of this study, whilst the genesis of CRM is in the private sector to maximise profit goals through sustained relationships with priority clients, these concepts have proven quite very relevant to the public sector (Pang 2002).

2.8 CRM Technology and E-Government

A good CRM software system should provide a single, searchable knowledge repository on each citizen or public service customer (White 2007). Van den Berg (2006) refers to e-governance as concerning public policy with regard to ICT. He further observes that e-government goes beyond the take up of ICT by the local authority and includes the role of the local authority in influencing take up by the communities, business sectors and other relevant users. Van den Berg defines e-government as “the capacity of local administrators in a dialectic exchange with social organisations, citizens and firms, to deploy information and communications technologies to achieve urban policy goals.” Silcock (2001) defined e-government as enhancing access to and delivery of government services to citizens, business partners and employees through the use of technology.

It has been argued that technology can be used to the benefit of ratepayers and citizens as 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" (Silcock 2001). The utilisation of technology provides a powerful tool to modernise and integrate public services to benefit all stakeholders, internal and external. Advocates of e-government postulate that ICT is the basis of modernism in the 21st century and beyond (Bannister 2001; Margetts 2003). King (2001) lists three outcomes namely customer services that are citizen oriented, cost effective and getting it right the first time, avoiding exclusion of communities from services and encouraging democracy, openness and accountability.

2.9 Using CRM to Encourage Citizen Involvement

2.9.1 Using the Internet to encourage Citizen Involvement

The ability of the internet to convey infinite amounts of information, communication and transactions makes it a cost effective and viable medium. According to Schellong & Mans (2004) issues that are probably key for citizens are, amongst others, their experience of an existing public service, multiple channels for service acquisition, the adequacy of the service depth per channel, collaboration on data as well as "trust, costs or usability." Important aspects for the success of CRM using the internet are "channel adoption and assignment, collaborative data usage and privacy, cost reduction potentials and information policy (marketing) for e-government services" (Schellong & Mans 2004). According to a survey by Schellong & Mans (2004) Germans appeared primed and ready to transact online for public services. Germany's one-stop government has highlighted the need to integrate citizens into government's development process. The aim of Germany's one-stop government was to provide Germans with access to a medium of their preference to transact for all government services. Through accessing their touch point of preference, Germans eliminate unnecessary and multiple interactions with various authorities and government employees to obtain services. Utilising collaborative CRM (CCRM) the German government aims to improve the communication channels between the customer and itself as the supplier.

2.9.2 Using Good Governance to encourage Citizen Involvement

A study conducted in Perth by Cripps et.al. (2004) found that municipal interaction with respondents was the factor that had the greatest impact on customer satisfaction. Bingham, Natchi and O'Leary (2005) stated that "Citizens can and must play an important role in public policy and decision making" in their argument that "the new governance also involves people - the tool makers and tool users - and the processes through which they participate in the work of government" as citizens "have a right to

decide what is important to them and how they can best achieve their objectives” In the eThekweni Municipality’s 2009 Integrated Development Plan, the section pertinent to Good Governance defines good governance as being “... participatory, transparent, democratic and accountable.” Further, the chapter gives a good indication of the various initiatives, channels and empowerment mechanisms the Municipality has provided to encourage communities to participate in the affairs of the municipality. Rusimbi (2008) acknowledges the role played by civil society organisations in increasing the volume and participation of citizens in the utilisation of public resources and performance. Da Silva (2007) uses a graphical illustration to demonstrate the value added to public services and the opportunity for more effective and efficient performance of the municipality if citizens are allowed to participate and provide feedback (reproduced below).

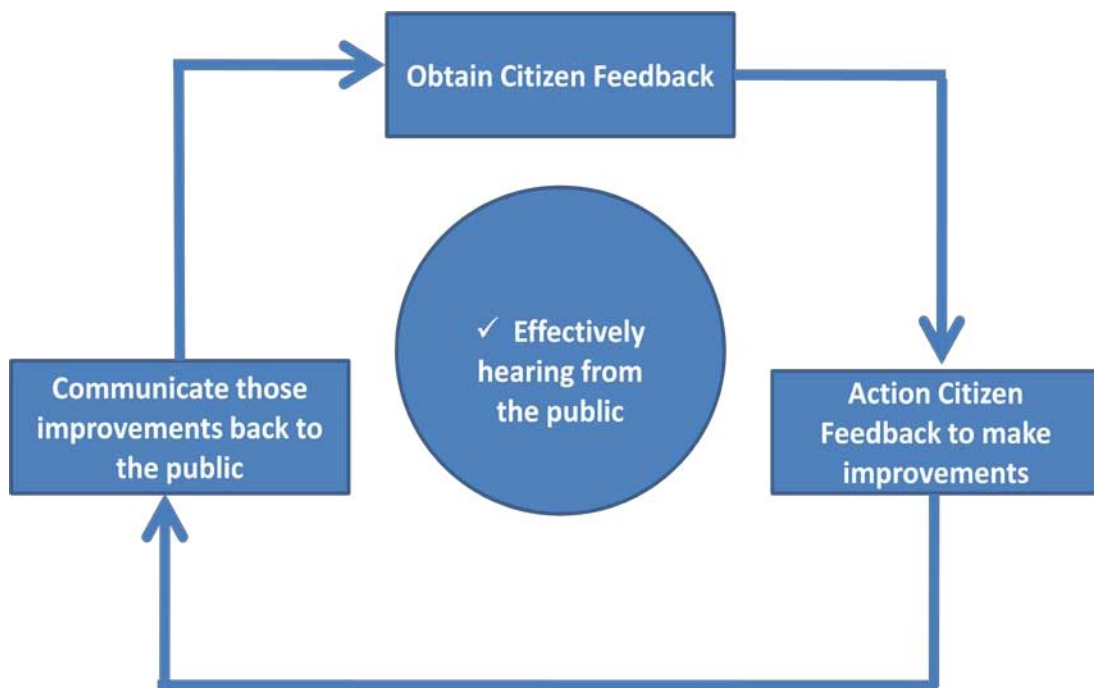


Figure 2.1: Effectively hearing from the Public (adapted from Kell 1993)

2.10 Building and Maintaining Positive Customer Relations Using CRM

Blattberg & Deighton (1996) and Ahn, Kim & Han (2003) argued that the approach of CRM has been based on maintaining positive relationships with customers, increasing customer loyalty and expanding the customer’s lifetime value. Knowing and appreciating the customers’ needs and being able to respond with value added services are key determinants of a company’s success or failure. Evidence of success and failure would likely be the public response to the initiatives of eThekweni Municipality. Some examples are the service delivery protests held in Umlazi on 23 August 2010, the strike action by

security guards at Moses Mabhida Stadium on 14 June 2010 (SAPA 2010) and the closure of roads in the Durban central business district area by protesting bus drivers on 29 June 2009 (SAPA 2009).

Kotler (1997) observed that CRM is mainly rooted in marketing and following on that principal there should be a thorough analysis of how customers behave. King (2007) recommends Chaffey's (2004) three-stage model of CRM depicting the management of customer relationships which postulate that customers are initially acquired through communication of a powerful value proposition, are retained through good service and the relationship broadened by delivering tailored products/services to clearly defined customer segments.

Holden and Fletcher (2001) argued that there are virtually no systematic research results justifying the transition of CRM from the private sector into the public sector. Moon (2002) concluded that whilst CRM has been adopted by many local authorities, it is still at an early stage and has not yet achieved many of the expected outcomes. Beynon-Davies and Martin (2004) shared this view and suggested that local authorities are unlikely to achieve the radical and rapid transformation of services envisaged with CRM. Collinge (2003) believes that local authorities are in a difficult position facing demanding targets, restricted budgets and political agendas. These observations are pertinent to the situation of the eThekweni Municipality, on the one hand faced with demanding targets, restricted budgets and resource constraints whilst on the other hand faced with ratepayers and citizens demanding improved customer service, asserting their rights for fair and equitable service delivery and government's undertaking to provide access to government service on the doorstep of their customers.

Greenberg (2004) opined that the success of CRM in the public sector should be aimed at restoring the faith of the populace in government and government agencies; and people should experience that what they believe in is actually happening. Greenberg refers to a poll undertaken by Accenture in 2003 of 15 countries and 140 government agencies in which ninety percent believed that improved customer services in government should drive service delivery but only twenty eight percent testified to any success in using this method. Greenberg also encouraged the use of the terminology Constituent Relationship Management instead of Citizen Relationship Management when referring to the public government environment.

2.11 Background of eThekweni Municipality

The area governed by the eThekweni Municipality covers 2,297k m², with eighty percent of the residents living in 35% of the urban land in the municipality and the remainder of the land being

mainly rural (eThekweni Quality of Life Survey (2005). Pre-apartheid most of the infrastructure development and services were concentrated to the central areas; townships and rural areas were neglected. Sixteen years after democracy the municipality continues its efforts to correct this. The graphs below replicated from the 2005 document on Quality of Life of Durban's People gives an indication of the race diversity of Durban's Population as at 2005.

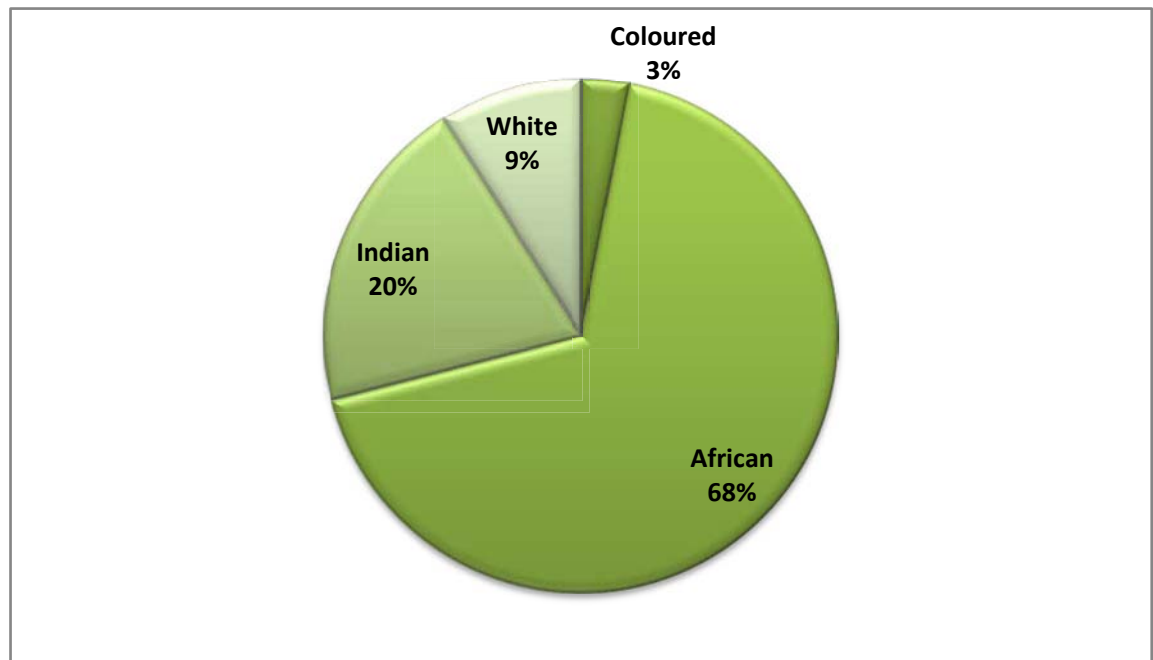


Figure 2.2: Population by Race (eThekweni Municipality 2005)

2.12 Drivers that influence municipal change

Traditionally, local authorities have a monopoly on the provision of most services and are not pressured by private sector forces such as competition and profit to effectively and efficiently meet the customer's needs (Caruana, Ramaseshan & Ewing 1998). The municipality is forced into change by other drivers such as the impact of boundary changes by the Demarcations Board, outsourcing of municipal services such as waste removal, competitive tendering such as building of low income houses, in its effort to provide efficient and effective municipal services (Cripps et al. 2004). All these changes are part of the fundamental shift to reform local governments in South Africa from being perceived as providing municipal services that are simply 'rates, roads and rubbish' to providing efficient and effective municipal services that meet the needs of municipal customers. Local governments are now required to be accessible to the public, to engage and consult with the public, to be open to public scrutiny with regard to their operations and to be accountable for using funds from

the ‘public purse’ and for the services that are funded from that purse (Marshall, Witherby, & Dollery 1999). Whilst a customer is traditionally the external purchaser of goods or services, local government can make a distinction between the citizen and the client. The citizen being the ratepayer who pays rates and taxes but does not necessarily derive benefit from a service and the client is the direct recipient benefiting from the municipal service, e.g. rates are used to build a park which is used by young children and their parents (Schmidt & Strickland 1998). The 2007-2008 Quality of Life survey conducted by the municipality provided the following information on Citizen Satisfaction with municipal services provided to households:

Year	Water	Sanitation	Electricity	Refuse Removal	Overall
2007-8	79	64	81	71	74
2006-7	73	71	77	78	74
2004-5	71	62	81	70	71
2003-4	79	64	77	68	72
2002-3	75	69	82	77	76
2001-2	63	76	77	76	76

**Table 2.1: Satisfaction with basic household services
(eThekweni Municipality 2005)**

The reform of local government is influencing a gradual change from a transaction based approach to a relationship based approach to the users of municipal services (Cripps et.al. 2004:3). For elected local government politicians, their partners are their constituents and the local government administrators are appointed to carry out the mandate of the elected. As a result, what is accepted as customer satisfaction for an administrator may not be acceptable to the ‘customer’ (Donnelly, Wisniewski, Dalrymple & Curry 1995). The traditional local government organizational culture does not correlate to a customer centric culture and changing organizational culture has proven to be difficult (Blackman and Stephens 1993).

People tend to consider government as a hierarchical bureaucracy (Bannister 2001; Margetts 2003) and atypical government bureaucracy is frequently condemned for being rigid, ineffective, inefficient, procedural and unable to meet the needs of human clients; referred to as the Weberian Model (Ho 2002).

Whilst there is a large body of knowledge on the services provided by local government, there is very little on the transformation of local government and the consequent impact on its relationship with its

customers. It is also intended to contribute to the body of knowledge on service delivery at local government level and the perception of the recipients of local government services. It is hoped that this study will be used by municipalities in South Africa to be in a better position to understand the public and be able to customize service delivery geared for better value for money. The aim of this chapter is to investigate and understand the CRM environment, identify the potential of CRM to deliver improved services and to assess these against the CRM initiatives of eThekweni Municipality.

2.13 Current Perceptions Of South African Municipalities

Markinor conducts a bi-annual study known as the Government Performance Barometer. A sample of 3 277 respondents selected scientifically to represent South Africa's adult population voting age (18+) were interviewed between April and May 2007. Markinor requested respondents to rate the performance of the national, provincial and local governments on a scale ranging from “very well”, fairly well, “not very well” and “not at all well” and the constant among these respondents was that they rated the national government’s performance as better than that of local government. The results indicate that South African citizens of voting age (18+) consistently believed that the lowest performing amongst the three spheres of government is the local government sphere (Markinor 2008).

2.14 Quality Of Life Survey: eThekweni Municipality

The Quality of Life Survey is the main instrument used by eThekweni Municipality to evaluate its performance on the extent to which it achieved its objectives. This satisfaction survey includes both qualitative and quantitative components and its purpose is to gain and improve the municipality’s insight into the opinions and attitudes of the constituents and members of the general public. The survey is an applied questionnaire and seeks to understand what issues have the most impact on people’s lives. This information is for use by the decision makers in the municipality to guide them in critical development decision making. It is also a gauge to measure whether the city is making progress towards achieving its vision (eThekweni Municipality 2005).

2.15 Integrated Development Plan and Performance Contracts

The Integrated Development Plan (IDP) is the key strategic driver of the budget and performance management system for eThekweni Municipality. The eThekweni Municipality has strong linkages between the Performance Contracts of its senior officials and the eight point strategic plan set out in the IDP. The Key Performance Areas (KPA) of bureaucrats performance contracts can be directly linked to the IDP. The Performance Contract for the Regional Centres Unit and its senior managers

can be linked directly to Plan 7: Good Governance; Programme 2: Develop Improved Customer Relations (IDP 2008; eThekweni Municipality).

This section of the IDP led to the management of the Regional Centres unit tasked with establishing Customer Service Centres which they named Sizakala Centres, meaning ‘Get Help’ throughout the municipal area. This sought to address the gap caused by centralisation of municipal offices by establishing decentralised, localised offices that provided access to government services on the ‘doorstep’ of citizens thereby achieving the goal of ‘serving the community where they live.’

A balanced scorecard approach to performance management is key to a successful organisation. It compels managers to identify drivers that will enable achievement of performance goals (Kaplan & Norton (2004). The IDP also contains a template (copy below) that informs the corporate scorecard to measure and gauge the performance of the Municipality.

2.16 CRM and Segmentation in the Public Sector

Given the diverse communities serviced by the Municipality, the municipality needs to be familiar with peculiarities and similarities of these various communities. Prowle (2008) lists the following as basic principles for market segmentation which are very relevant to a local government organisation embarking on a segmentation exercise:

- “Segments should be identifiable and capable of measurement in terms of numbers and types of consumers.
- Segments should be distinctive enough to justify a different approach to marketing.
- Segments should be substantial enough in size to make the process of segmentation worthwhile. Marketing can be an expensive function and it would not be economical to identify very small segments.
- Market segments should be really accessible to the organisation which is planning to undertake marketing activity.”

In terms of research undertaken, it would seem that the municipality only conducted a segmentation exercise based on the geographical and sectoral levels between 2000 and 2004, as part of a workshop methodology to identify stakeholders for engagement in developing the strategy for the City (Moodley 2004). Research has revealed segmentation of domestic and international tourists but has not revealed any other formal documented municipal customer segmentation exercise for the eThekweni

Municipality. The Municipality needs to invest more time, funds and resources into a rigorous segmentation exercise for the City.

For CRM to be effective, organisations should be able to separate their multitude of customers and stakeholders into groups that are similar in their needs, wants, patterns, character, etc. (Da Silva & Batista (2007;10). According to Andreassen (1994), the homogeneity of public services is not reflective of market segments meaning that local government is not customer centric and the customer voice is not heard in such organisations and recommends that a municipality listen to the demands of the customer as this will provide it with valuable information to identify changes that can be made to improve customer relations. Da Silva & Batista (2007) observe that municipalities are required to respond to a quantum of highly diversified customers in an unbiased manner. They therefore recommend that these customers are segmented in terms of common interests, social groups, etc. which would enable the municipality to offer products and services that are tailored for these various categories thereby improving the responsiveness levels, performance and customer relations of the municipality.

2.17 Promoting a Customer Centric Culture

Treating people like cattle is the total opposite of CRM; the main dictum of CRM being that each customer be affirmed as an individual and treated as one (Greenberg (2002). It is important to ensure that every employee of the municipality bears this in mind in determining, evaluating and implementing standards and quality of customer service. Futrell (2006) uses a customer centric service model (Figure 2.3 below) to highlight the fundamentals that institutions which are, by necessity and design, required to satisfy needs of an individual, during that individual's lifetime, such as local government authorities may find as a useful tool to assist them with this goal. (Futrell 2006).

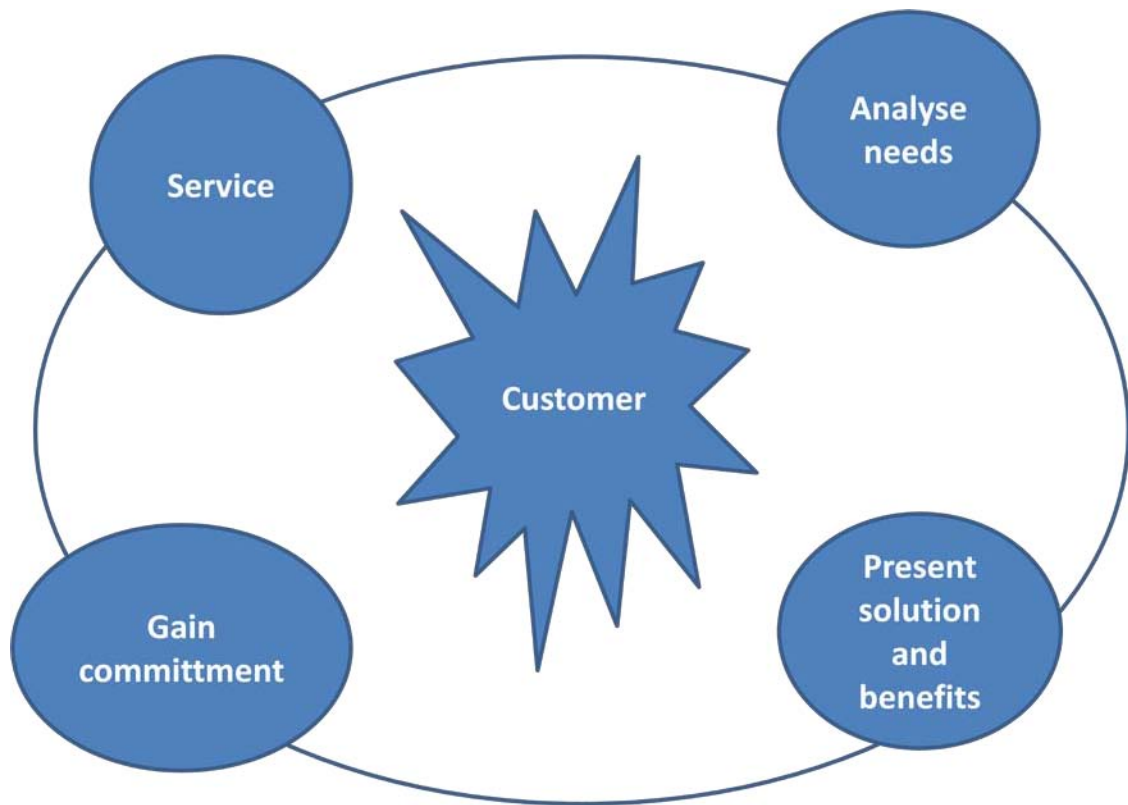


Figure 2.3: The Customer Service Solar System (Futrell 2006:22)

The municipal staff working in the Sizakala Customer Care Centres may feel pressured by the queue of customers waiting to be assisted. They need to handle the pressure to demonstrate patience with the customer they are dealing with and balance the temptation to rush through the process with the customer in order to respond to the queue of people waiting for them. Presenting the necessary information to the customer to assist the customer to make an educated decision and then providing the customer with the time that the customer needs to make the decision is vital to the relationship. Figure 2.4 is a graphical representation of personal characteristics that customer facing individuals should possess:



Figure 2.4: Personal Characteristics of Customer Service Staff (Futrell 2006:20)

Some distinctive features of a customer contact person's job are:

- They represent the municipality to the outside world and as a result shape people's opinions and views of the municipality through the impression they make on the customer.
- They may be required to work without close supervision or monitoring in their interactions with the customer.
- To be a successful customer contact person the individual has to have a high locus of control, be self-motivated and demonstrate that he/she is innovative, creative and persuasive

- The position requires the individual to be tactful, diplomatic and understanding more than what may be required from other employees in the municipality. The customer contact person will need to be both emotionally and socially intelligent in their interactions with the customers.

2.18 CRM Implementation in eThekweni Municipality

CRM is cited as a key strategy to improve and enhance relationships with citizens, business, visitors and other users of local government services (Strydom 2008). The Regional Centres Unit is the department responsible for CRM in the eThekweni Municipality. Strydom outlined the main aims of successful implementation of CRM for the eThekweni Regional Centres Unit as providing municipal customers with excellent service experiences thereby fulfilling the eight BathoPele principles contained in the National Constitution. Strydom hopes that by ‘getting it right the first time’ the municipality would be demonstrating its commitment to putting the customer first. (eThekweni Customer Care Policy 2008). In summary, the objectives of the Customer Care Policy for eThekweni Municipality are:

- Customer Service: citizen-oriented services delivering “right first time” outcomes that are cost effective.
- Social Inclusion: setting up customer service centres in areas that do not have easy access to municipal offices, e.g. rural areas, townships, etc.
- Democracy and Accountability: encouraging active participation and transparency.

The Regional Centres Unit reported that most wards in the eThekweni Municipal Area had submitted positive responses to indicate their satisfaction with the new way local information and services are now delivered, and the ability of staff to respond to their needs. This indicates the immense potential of CRM to improve government performance and possibly help restore public confidence in public institutions.

2.19 Economical Impacts on CRM in the eThekweni Municipality

The mandate of all municipalities in South Africa is to implement the policies as set out by National Government; and National Government policies are entrenched in legislation and laws which can be complicated. Implementation of legislative imperatives has financial consequences and impacts on the budgetary allocation of funds for the municipality (eThekweni IDP document (2009-2010). In

comparison to the national GDP for the year 2006-2007, Durban recorded an increase of 5.6%. Table replicated from IDP document for eThekweni Municipality below:

Major South African Cities	GDP (Constant, Rm)		Gini Coefficient		Unemployment Rate	
	2006	2007	2006	2007	2006	2007
South Africa	1 175 216 249	1 236 626 973	0.67	0.67	37.90%	36.90%
Cape Town	133 665 584	142 866 856	0.59	0.59	25.40%	24.00%
Johannesburg	196 215 201	206 774 733	0.65	0.65	29.30%	28.40%
Durban	125 982 801	132 992 846	0.64	0.65	35.30%	34.80%
Pretoria	109 176 658	115 699 697	0.63	0.63	24.40%	23.80%
East London	39 915 335	41 677 549	0.63	0.63	42.30%	41.60%
Ekurhuleni	75 396 000	79 516 520	0.64	0.64	34.80%	33.70%

Table 2.2: GDP/GINI Coefficient & Unemployment Rate: 2006 To 2007 (eThekweni Municipality 2009)

The eThekweni Municipality outperformed the national trend over the last decade in terms of GDP, Gini Coefficient and the unemployment rate (eThekweni Municipality IDP 2009). However, to implement the mandate of national government, the eThekweni Municipality had to redirect its funds for the 2009 to 2010 budget year towards infra-structure development. The IDP document (eThekweni Municipality 2008:87) lists the following among the many financial challenges identified for the City:

“The resolution of public queries, in keeping with the Batho Pele Principles, has placed pressure on the Municipality’s ability to render a uniform service at all its customer-care outlets.”

2.20 CRM Models for Local Government

Cripps, Ewing & McMahon (2004) observe that governments are increasingly focusing more attention on market orientation in their endeavours to reach and provide high customer service levels as they reform their administration structures and processes. The increased pressure from community activism, compliance with legislative imperatives and, inter alia, a genuine want to provide the best possible customer service at the optimum levels have compelled local governments to develop tools by which it can clearly measure, monitor and analyse the quality of the service it provides. These tools can take the form of models which replaces an ad hoc response with a structured, formal, deliberate and methodical approach.

2.21 The EFQM MODEL

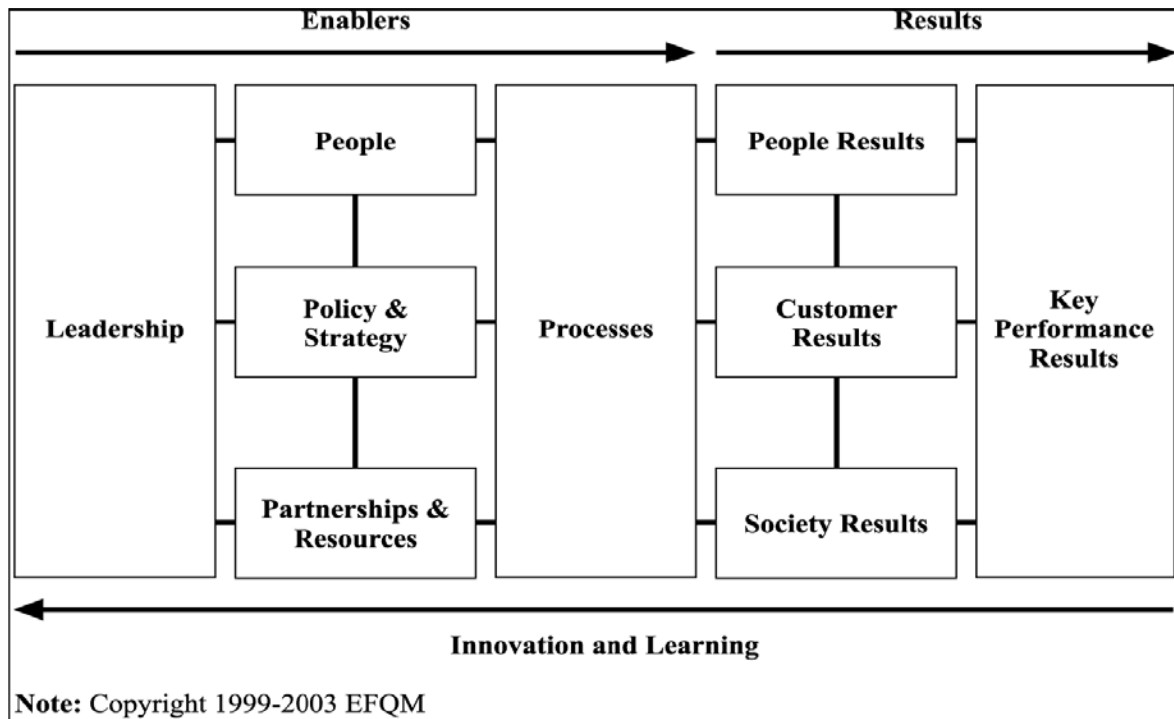


Figure 2.5: EFQM Model

(European Foundation for Quality Management 2003)

The European Foundation for Quality Management (EFQM) was founded in 1988 by leaders from fourteen companies to enable them to share ideas and give recognition. This foundation developed the EFQM Model for use as a management tool as well as an assessment tool to measure how well the organisation is performing. The model has a “non-prescriptive framework” to enable the understanding of the connections between what the organisation does, how it does it and the organisation’s capacity to achieve results. As the provision of effective municipal services in an efficient and cost effective manner is the result of the integrated efforts of many departments this tool could be used by the municipality to generate a logical and systematic audit of the final product of this collective effort. The EFQM model can also be used to identify the capabilities and resources the various business units within the municipality would require in order to meet its strategic goals. The model is divided into nine evaluation areas. The initial five would be pertinent to the operational aspects of the municipality and is known as the enabler that looks at what, how and why the municipality does what it does and the latter four would focus on results achieved by the municipality.

in terms of how it performs on what it does. A deeper investigation into the suitability use of this model for eThekwini Municipality is beyond the scope of this study.

2.22 Conclusion

The literature review discussed in this Chapter indicates that a strong and deep understanding of all the elements of customer relations management is central to the success of implementing CRM strategies and has provided useful guidelines on designing, implementing and evaluating CRM strategy in a local government environment. This chapter has also attempted to provide an insight into the eThekwini Municipality and has touched on some key pertinent dynamics that impact and influence the eThekwini Municipality and has provided a review of tools, methodologies and strategies that have been used by other local government structures to improve their public image. Strategies have been identified that can be used by eThekwini Municipality to eliminate cynicism from society, demonstrate that it intends to use its power for the benefit of society and to provide for the involvement of the public in local government decision. An attempt has been made to demonstrate the value that private sector CRM can hold for the public sector to improve organizational processes and performance and to build relationships with their 'customers'. The next chapter will discuss the results of the survey conducted to gauge the perceptions of citizens regarding the level of services, inclusion and information provided by the eThekwini Municipality to its constituents and customers.

Chapter Three

Research Methodology and Data Collection

3.1 Introduction

For most people, research is a search for knowledge, a movement from the known into the world of the unknown and a journey towards acquiring knowledge (Kothari 2008). Research is an academic study, it is steeped in science and it is based on a scientific and systematic manner to collect, investigate, experiment with and interpret results. This chapter reviews the objectives of this study, the sampling technique chosen, and suitability of the research instrument and outlines the methods employed in collecting, analysis and interpretation of the data.

3.2 Motivations for the Study

- To learn from the strategies, methodologies and models designed and implemented by eThekweni Municipality to improve their effectiveness in promoting customer relations management thereby contributing to the current body of knowledge on this subject.
- To critically analyse and assess how the roll out of the Business Operating Model for the eThekweni Customer Service Centres has improved access to municipal information and services for all citizens at acceptable standards and achieved its objectives of ensuring that consistent service is provided through the various channels viz. telephonically, electronically or face-to-face.
- To critically analyse and assess the effectiveness of the programs associated with change management, stakeholder involvement, branding and marketing of the Customer Service Centres to promote customer relations management in achieving the CRM objectives targeted by the eThekweni Municipality.
- To obtain responses from ratepayers and other users of municipal services and generate a report on their perceptions of the customer service provided by eThekweni Municipality.

The following problem statement was formulated to concisely capture the motivations listed above:

“Improving relationships with society as users of municipal goods and services through adopting private sector, profit optimizing CRM models, methodologies and strategies would increase the efficiency of service delivery in eThekweni Municipality.”

3.3 Research Type

The basic types of research are:

Descriptive or Analytical: Descriptive statistics describe a situation as it currently exists, there is no control over the variables and it can be used to research the preferences of people. Analytical research is the critical evaluation of facts and figures on which conclusions are based. Descriptive research aims to describe and depict the current situation and to verify the hypothesis. Researchers that use this method aim at “demarcating the population (representative of the universum) by means of perceiving accurately research parameters; and recording in the form of a written report that which has been perceived” (Nelson Mandela Metropolitan University n.d.). This study is based on descriptive research as:

- The size of the population of eThekweni municipality is too large and far spread to have been included in this study; therefore, this study has used a sample of the population. Test sampling is an integral part of descriptive research. Test sampling was adopted for this study due to challenges such as size and affordability.
- Descriptive research suits quantitative research as it allows for the data to be presented graphically. This study will graphically illustrate the results and data of the research undertaken. This allows for the simplification of the measures, data and conclusions reached and enables presentation in a format that is easily understood.

Applied or Fundamental: Applied research is research undertaken to understand and solve an immediate problem affecting society, business or any organisations and is used to solve practical social or business problems. Fundamental research is used to produce broad theories and generalisations, and is best suited to areas such as mathematics, natural phenomena, etc. This study is based on applied research as it is aimed at understanding a problem that does affect both business and society and the research undertaken can be used towards solving the problem.

Quantitative or Qualitative: Quantitative research is a measurement research based on volumes and amounts. Research aimed at obtaining the opinions of people is qualitative research. This research is based on quantitative research.

Conceptual or Empirical: Conceptual research is based on abstract ideas or constructs which is used to form concepts or to review existing concepts. Empirical is based on experiments or research and allows the research to manipulate variables to gauge outcomes and to test hypotheses. This research is empirical in nature as it is based on research and is a case study of the eThekweni Municipality (Ghauri & Gronhaug 1995).

3.4 Research Design

3.4.1 The Research Instrument: Description and Purpose

The method chosen was the employment of a structured questionnaire. The advantages of a structured questionnaire are, amongst others, that they provide choices for selection in answer to the questions, they are suitable for large samples or 'big enquiries', they are free from the influence of the researcher, they are cheaper to apply, easier to reach respondents, etc. (Kothari 2008). Some of the disadvantages of using the questionnaire method to collect information is, inter alia, the low rate of return of questionnaires sent to respondents in the selected population, the respondents in the sample may not always be representative of the population, the differences in the interpretations of the questions by the respondents, the loss of control over the questionnaires once they have been dispatched and the slowness of the completion and return of the questionnaire, etc. (Kothari 2008).

3.4.2 Construction of the Questionnaire

The purpose of the questionnaire was to determine the customer satisfaction levels of respondents with municipal services provided by the eThekweni Municipality. The questionnaire is designed to evaluate information provided in terms of four main sections, namely:

- Background information of respondents
- Part 1-General: To gather information on whether respondents know what to expect from the municipality, knowledge of their ability to influence key municipal decisions and their rights to be kept informed.
- Part 2-Contacting the Municipality: to gather information on reasons for contact, method of contact and perceptions of customer service received during contact with the municipality.
- Part 3 -Involvement in Local Municipality Affairs: Respondents answers provide insight into society's willingness to interact with municipal and social structures, to participate in bodies and forums that influence municipal performance, how well they rate the provision of municipal services and the performance of the municipality.

The questionnaire used closed ended questions as these are easy and quick to answer, and this:

- Makes it easier to compare answers across respondents,
- Easier to analyse the answers on a computer,
- The choices of the responses makes it easier to understand the questions, and
- It makes it easier to replicate the study.

The questions were based on a five-point Likert scale, multiple choice questions and a contingency question. The contingency question in the questionnaire is question number 17 in Part 2 which covered Contact with the Municipality. This was introduced in the questionnaire as it would be irrelevant for respondent's that had not had contact with the municipality and therefore cannot answer such questions. A quasi filter was also included to provide for a 'don't know' option in certain questions which would otherwise have been dichotomous questions (Cooper & Schindler 2001; Wuensch 2005).

The intention was to allow respondents to answer as quickly as possible to encourage participation; to remove pressure associated with thinking and writing in answers and to reduce time taken to complete the questionnaire. The questions were worded as simply as possible to remove different possibilities of interpretations.

3.5 Administration of the Questionnaire

A problem that arose in identifying respondents was the initial intention of distributing the questionnaire electronically. It was impossible to obtain a database or to source email addresses of ratepayers and/or users of municipal services. To overcome this problem, it was decided to visit shopping centres within the municipal area and to request shoppers within those centres to participate in the research by completing and returning the questionnaire. This option also assisted to counter the challenges associated with structured questionnaires. Willing respondents were found in the Pavilion Mall in Westville, the Ridge Shopping Centre in Sandcross, the Sanlam Centre in Pinetown, the Malvern Shopping Centre in Malvern and the Gateway Shopping Centre in Umhlanga. This also ensured that questionnaires, once completed, were immediately returned, that respondents could ask for guidance in interpreting questions and given that the shopping centres were located in various areas of Durban, the sample of respondents were fairly of representative of the population group. Two hundred and forty (240) respondents completed and returned the questionnaires.

3.6 Statistical Analysis of the Questionnaire

The questionnaire was structured to suit statistical techniques that would be employed in the analysis of the quantitative data. Software used for the analysis of the data included both SPSS and Excel software; both being suitable to producing descriptive, comparative and inferential statistics. This software aided the editing, coding and capturing of data for analysis purposes. The results are depicted graphically and visually. Klopper (2006) recommends the guidelines outlined for determining sample size for research activities by Krejcie & Morgan (1970). In terms of this guideline, for a population size exceeding 100,000 a sample of 340 is recommended. The 240 responses received reflect 70% of the recommended sample size and is considered a reasonable amount of data to be analysed and interpreted to produce descriptive and inferential statistics.

3.7 Conclusion

This chapter described the research methodology and defined the research objectives associated with this study. In the next chapter, the data will be presented in order to obtain deeper insight into the concepts of CRM in eThekweni Municipality. In Chapter four the data will be reviewed in order to provide recommendations and possible solutions and thereby fulfill the objectives of this project.

Chapter Four

Presentation of Results

4.1 Introduction

This chapter presents and describes the data, using descriptive and inferential statistics that was collected from all the respondents. The primary data collection tool used for this study was a questionnaire and the following data was generated.

4.2 Analysis of Data

4.2.1 Descriptive Statistics

The first part of the questionnaire sought to obtain background information of the respondents. The information gathered from this section is summarized below.

From the information gathered, 34.6% of the respondents were aged between 22-32, 24.6% were aged between 33-43 years, 15.8% were aged between 44-54, 12.9% were aged under 21 years and 11.7% were above 54 years of age. 52.5% of the respondents were males and 44.2% were females. 44.2% of the respondents are married, 41.7% were single, 7.1% were divorced and 2.9% were widowed. 42.5% of the respondents were matriculants, 15% did not possess a matric qualification and 37.5% of the respondents indicated that they had post matric qualifications. 21.7% of respondents did not answer the question regarding income, 43.7% indicated that they earned less than R10, 000 per month and 4.6% responded that they earned more than R25, 000 per month.

4.2.2 Comparative Statistics

4.2.2.1 Part 1: General Section of the Questionnaire

The questions in this section was intended to gather information on whether respondents know what to expect from the municipality, knowledge of their ability to influence key municipal decisions and their rights to be kept informed.

Question 1: I agree that I can influence decisions affecting my local area

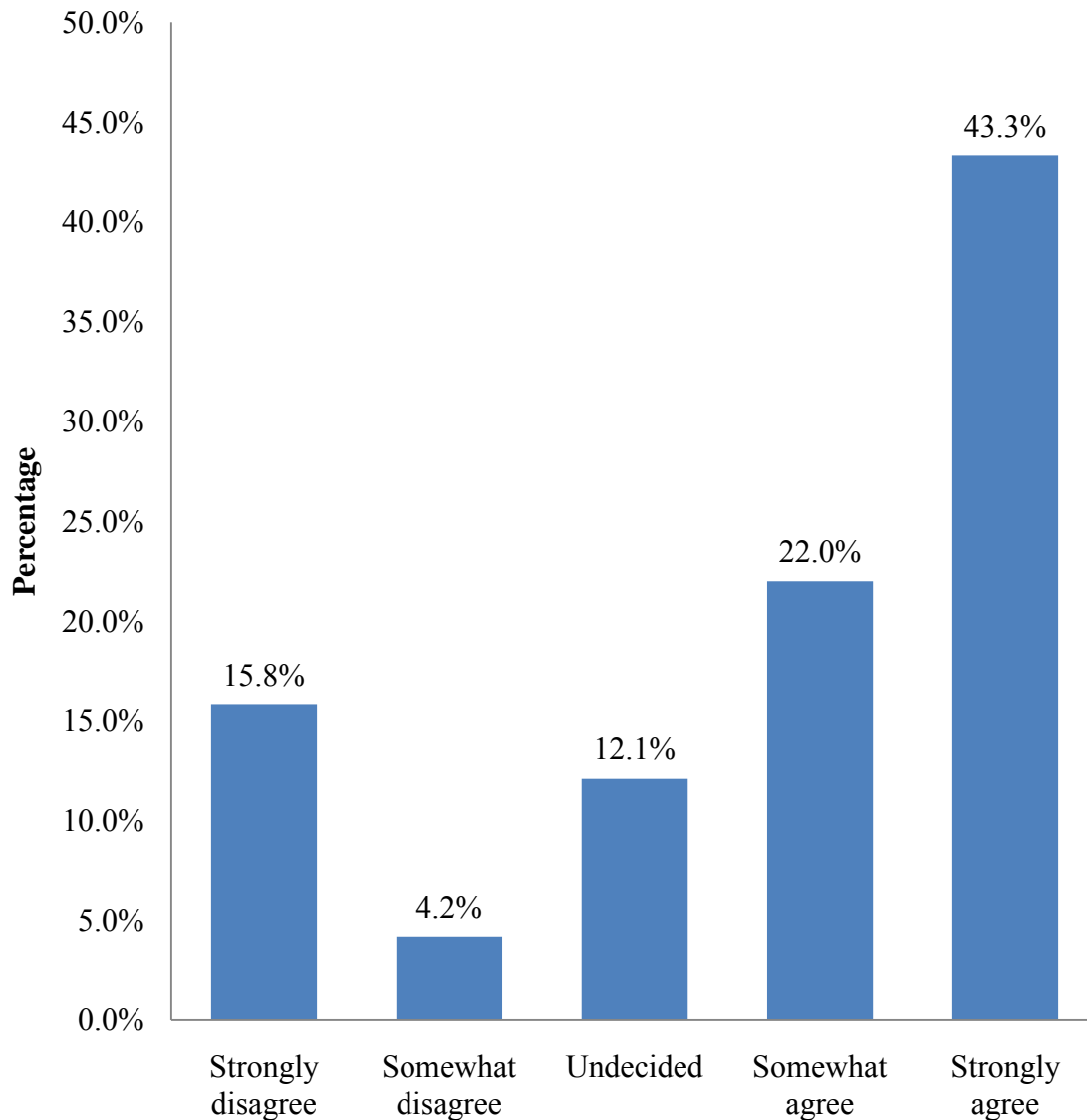


Figure 4.1: Influencing Municipal Decisions

Forty three percent point three percent (43.3%) of respondents strongly agreed and twenty two percent (22%) somewhat agreed that they could influence decisions made by the municipality. Twelve (12 %) were undecided. Four percent (4%) of respondents somewhat disagreed and sixteen (16%) strongly disagreed that they can influence municipal decisions.

Question 2: I am well informed on how to pay eThekwin Municipality bills

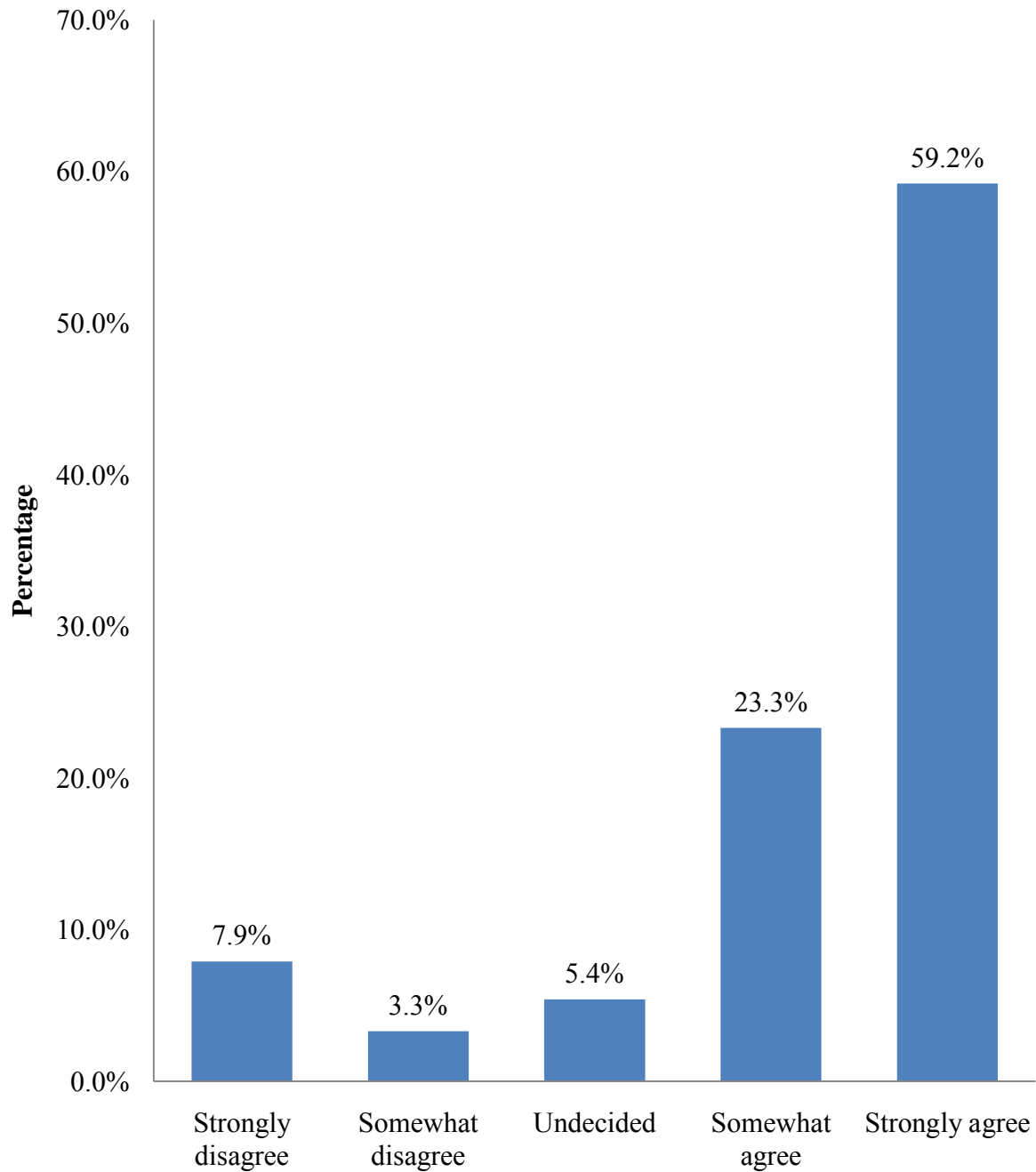


Figure 4.2: Paying Municipal Bills

This question indicated that 59.2% strongly agreed with the statement, 23.3% somewhat agreed, 5.4% were undecided, 3.3% somewhat disagreed and 7.9% strongly disagreed.

Question 3: I know how to submit my complaints to the council

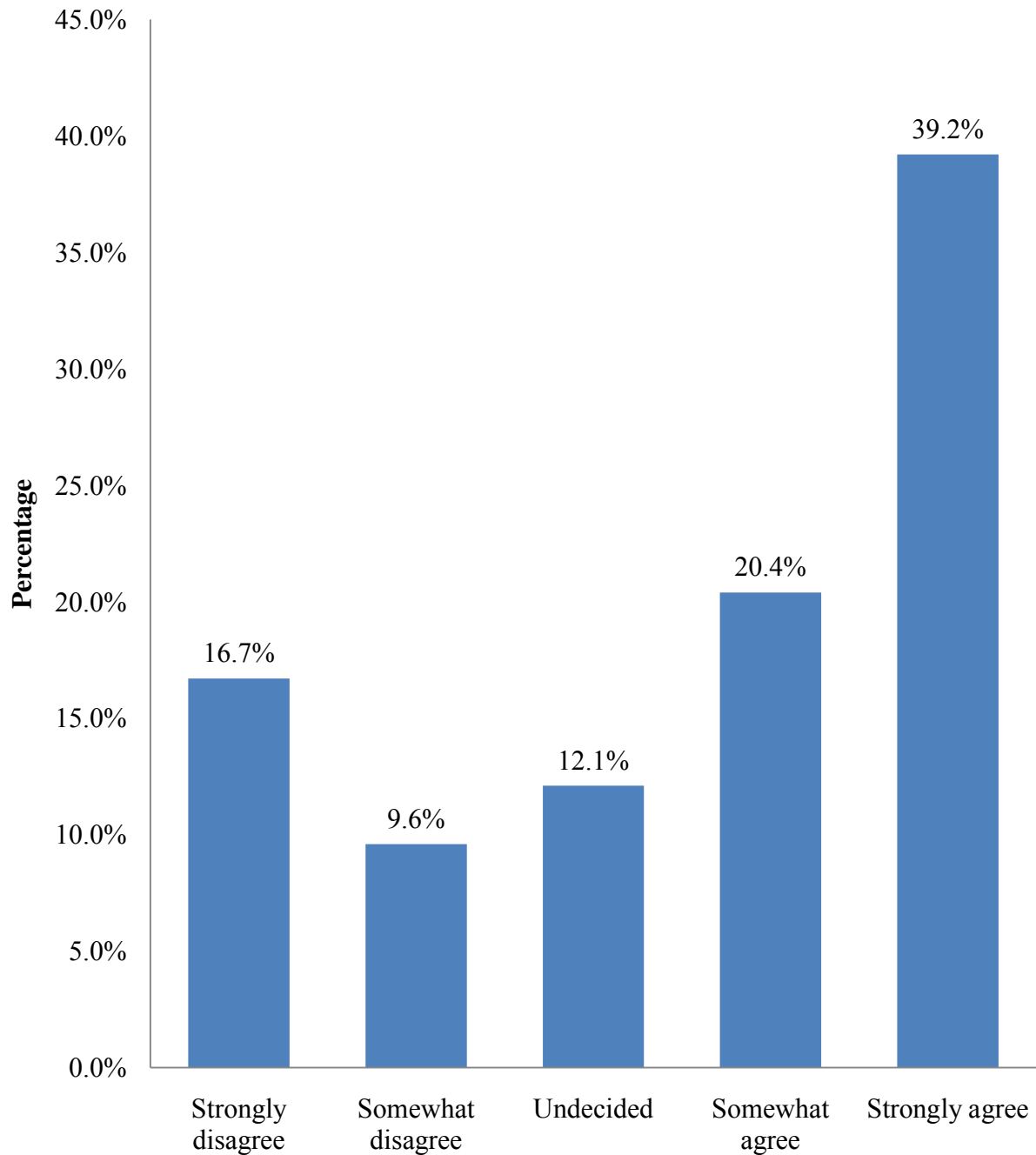


Figure 4.3: Submitting Complaints to Council

This question revealed that 39.2 % of the respondents strongly agreed that they knew how to pay municipal bills, 20.4% somewhat agreed, 12.1% were undecided, 9.6% somewhat disagreed and 16.7% strongly disagreed.

Question 4: I am well informed on what standard of service I can expect from the council

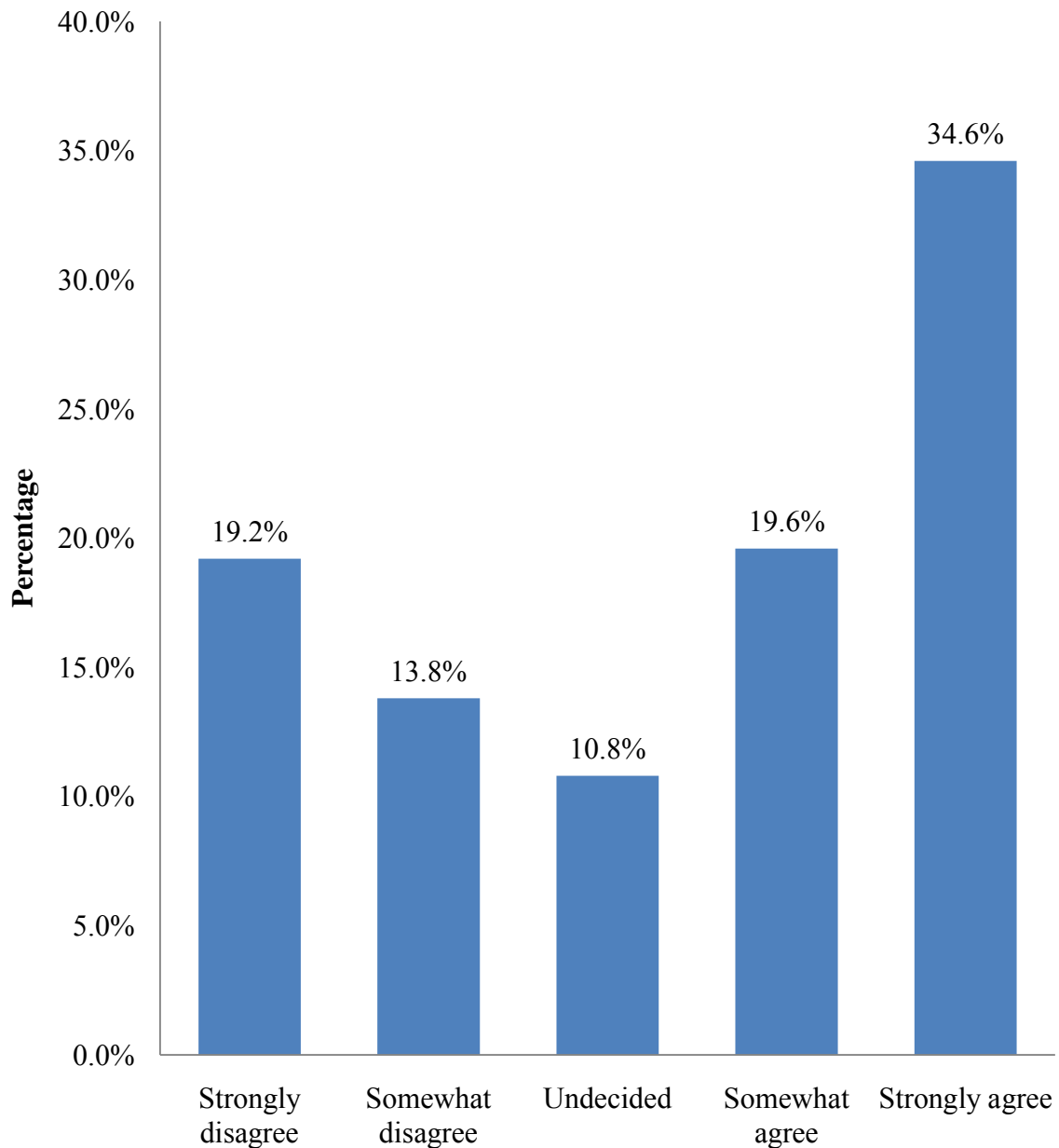


Figure 4.4 Standards of Municipal Service Provided

This question indicated that 19.2% of the respondents strongly disagreed that they were well informed on the standards of service they could expect from the municipality, 13.8% somewhat disagreed, 10.8% were undecided, 19.6% somewhat agreed and 34.6% strongly agreed.

Question 5: I am well informed on how well the municipality is performing

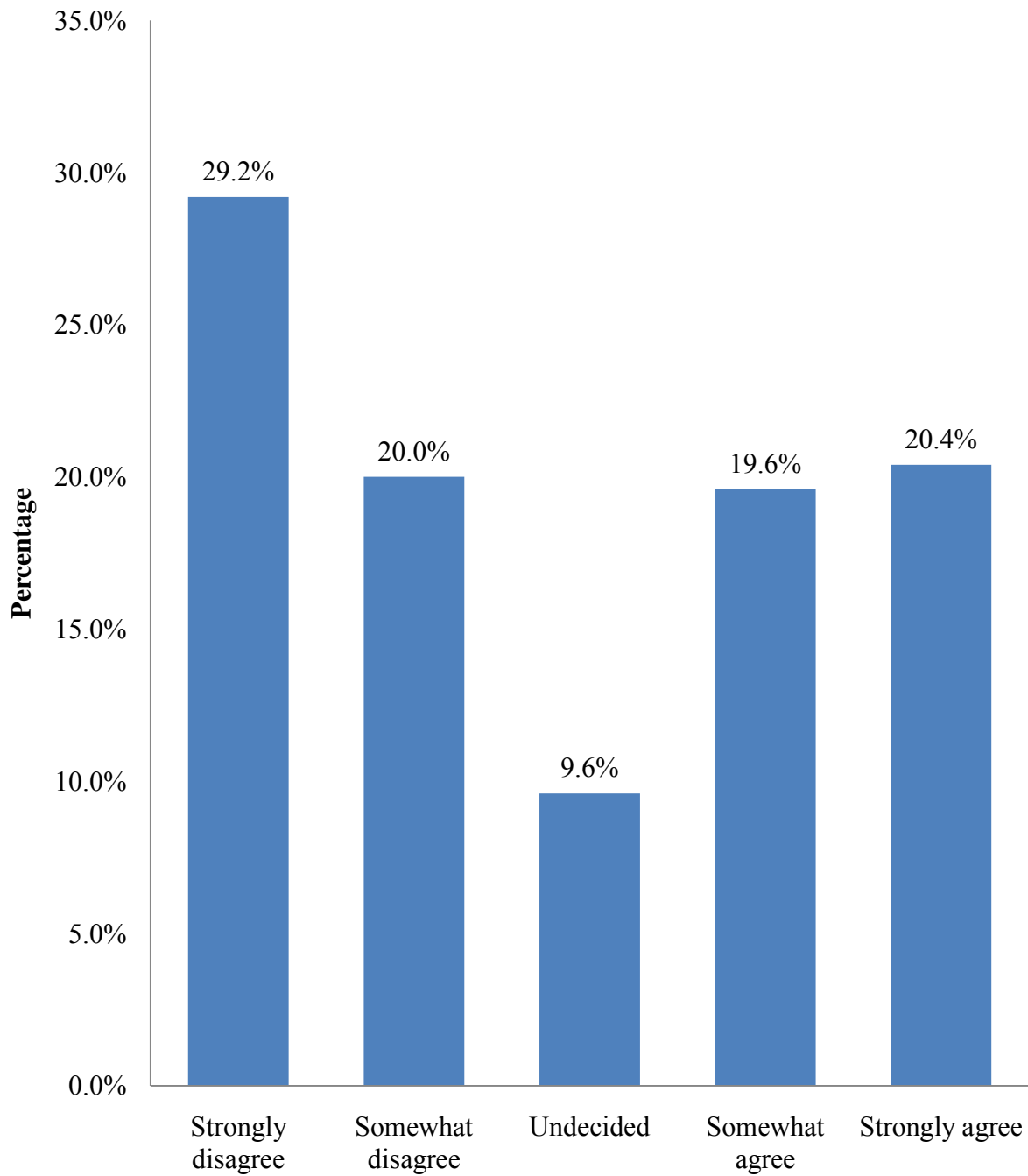


Figure 4.5: Municipal Performance

This question confirmed that 20.4% of the respondents strongly agreed that they were well informed on the performance of the municipality, 19.6% somewhat agreed, 9.6% were undecided, 20% somewhat disagreed and 29.2% strongly disagreed.

Question 6: I agree that the municipality keeps residents well informed about the services and benefits it provides

This question indicated that 18.8% of the respondents agreed that they were kept well informed about the services and benefits provided by the municipality, 16.3% somewhat agreed, 8.8% were undecided, 16.7% somewhat disagreed and 38.8% strongly disagreed.

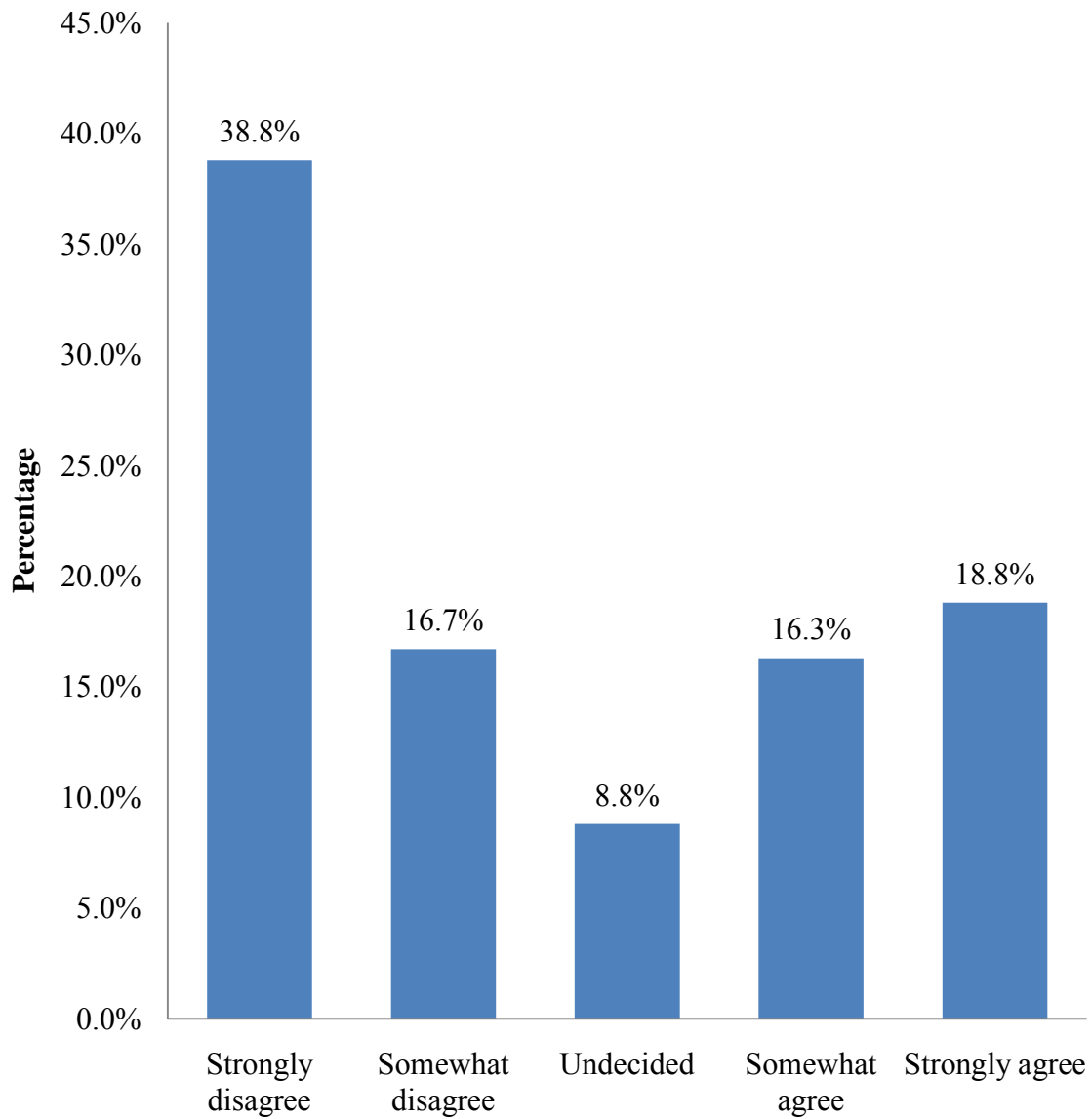


Figure 4.6: Informed on Municipal Services

4.2.2.2 Part 2: Contacting the Municipality

This section of the questionnaire sought to obtain information from respondents for their reasons for contact, method of contact and perceptions of customer service received during contact with the municipality.

Question 7: How many times have you contacted the municipality in the last year?

Question 7 is a contingency question. Those respondents that had not contacted the municipality were requested not to answer the remaining questions in this section. Thirty seven point nine percent (37.9%) indicated that they did not know the number of contacts they had with the municipality in that last year, 15.4% indicated that they had contacted the municipality more than 5 times in that last year, 15% had contacted the municipality between 3 to 5 times and 22.9% had contacted the municipality between 1 to 2 times in the year preceding this study.

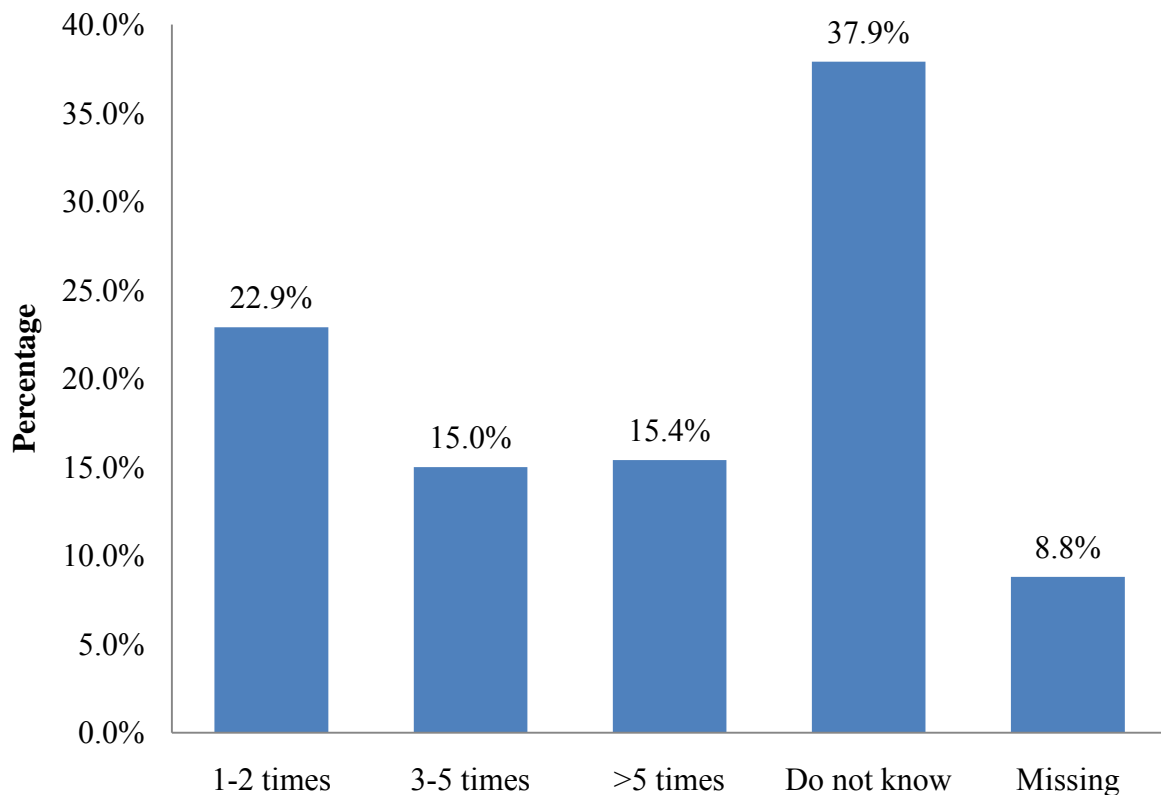


Figure 4.7: Contact with Municipality

Question 8: Which of the following describes the reason for your contact with the municipality?

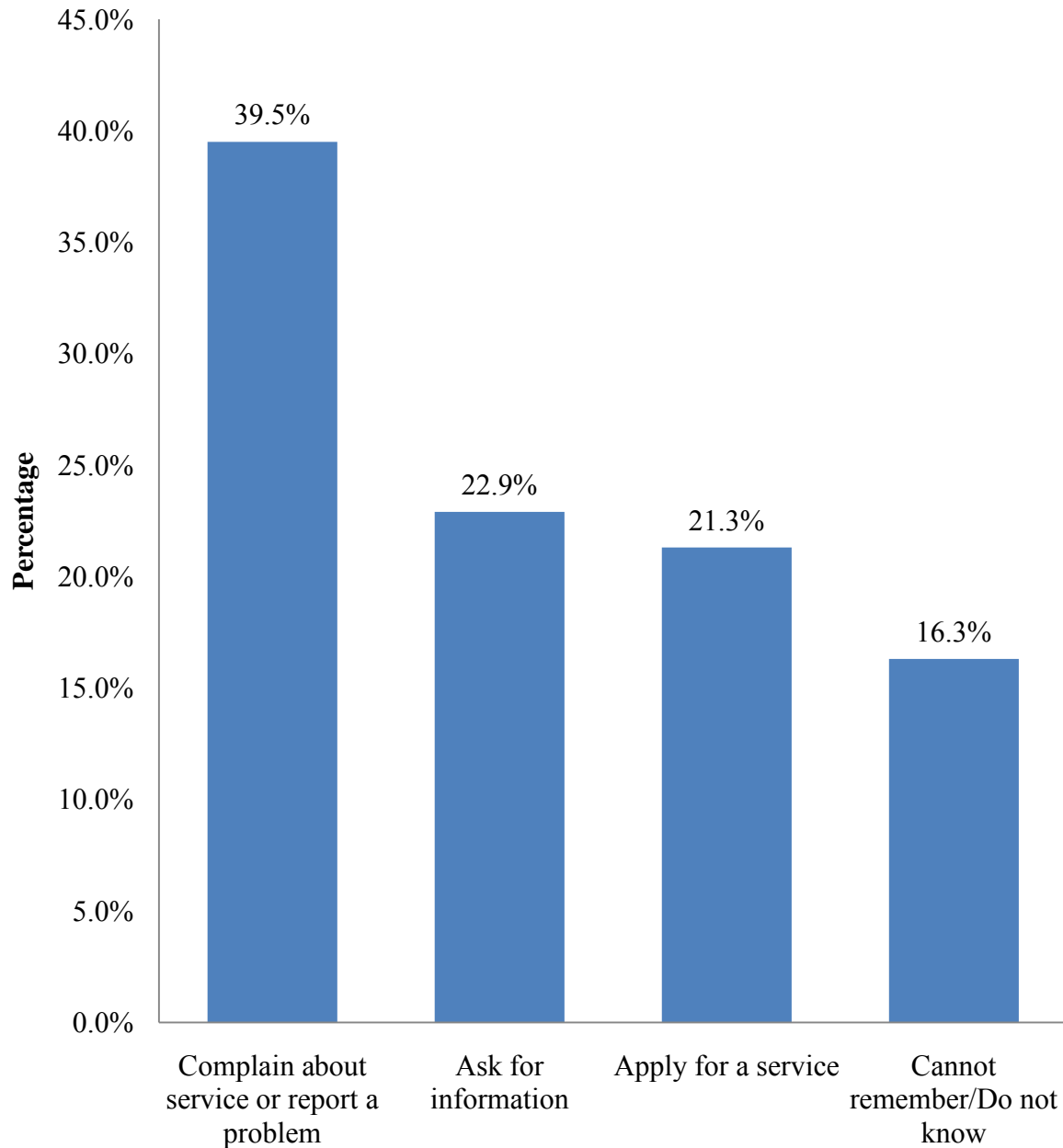


Figure 4.8: Reasons for Contact

The municipality was contact by 39.5% of the respondents to complain or report a problem, 22.9% sought advice or information and 21.3% to apply for services. The rest could not remember the reason for contact or initiated contact for other reasons than the options provided.

Question 9: How did you contact the municipality?

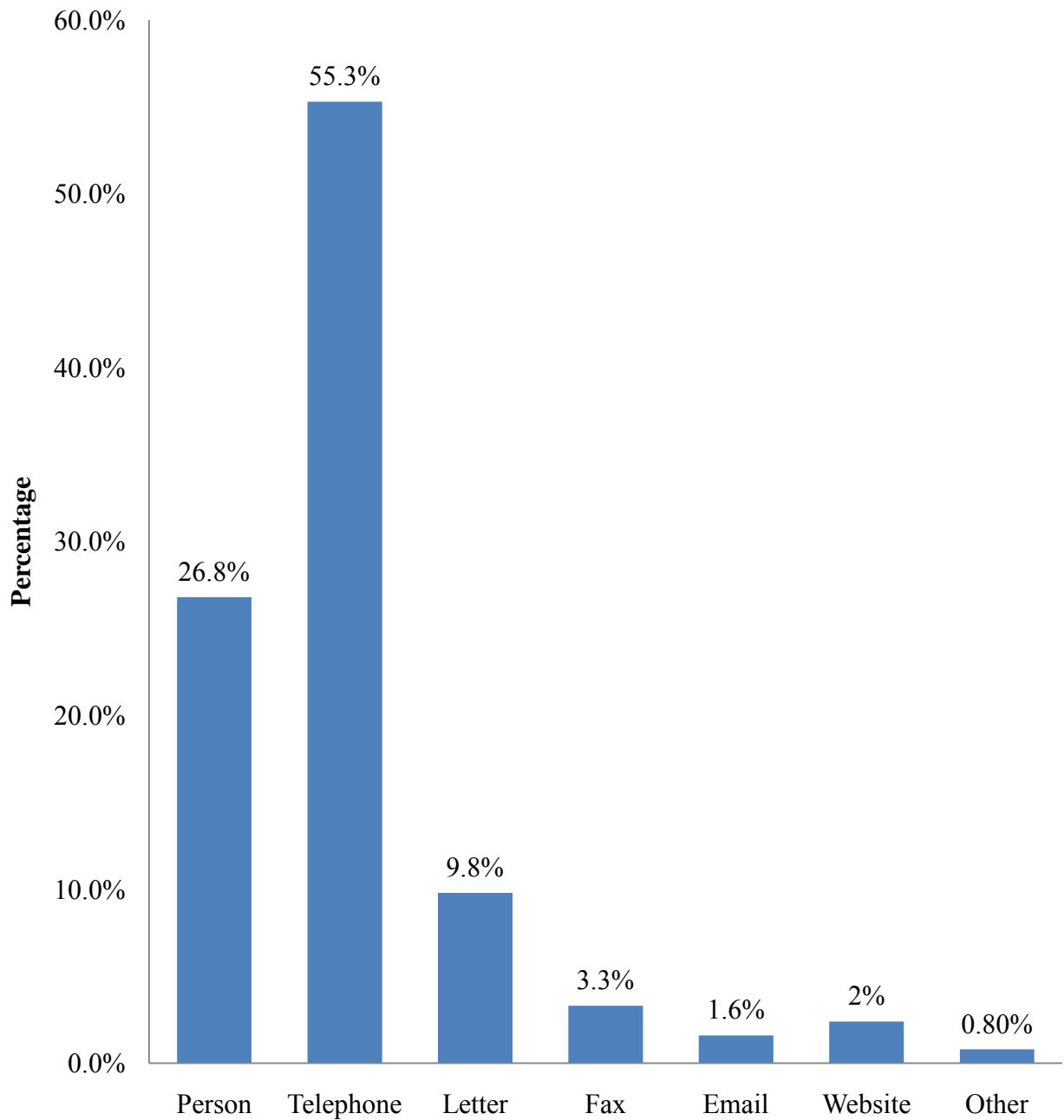


Figure 4.9: Method of Contact

Fifty five point three percent of the respondents (55.3%) favoured contact via the telephone and 26.8% preferred direct contact. Nine point eight percent (9.8%) contacted the municipality through post, 3.3% by fax, and 2.4% via the web and 1.6% via email.

Question 10: I am satisfied with the service I received the last time I contacted the municipality.

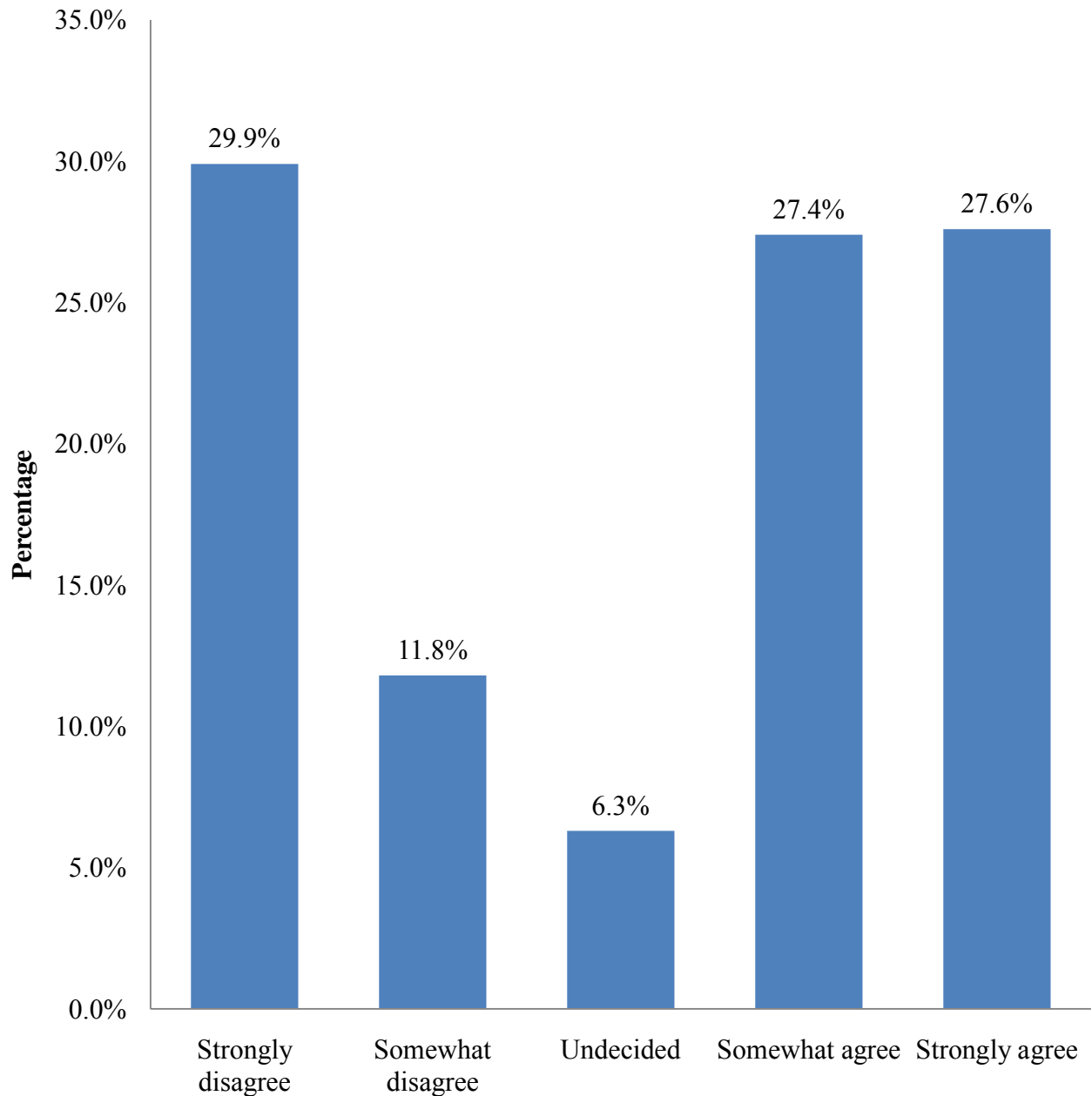


Figure 4.10: Satisfaction with Service

This question revealed that of the respondents that answered this question, 29.9% strongly disagreed that they were satisfied with the service they received in their last contact with the municipality, 11.8% somewhat disagreed, 6.3% were undecided, 27.4% somewhat agreed and 27.6% strongly agreed that they were satisfied with the service they received in their last contact with the municipality.

Question 11: In my last contact with the municipality, I was with satisfied with finding the right person to assist me.

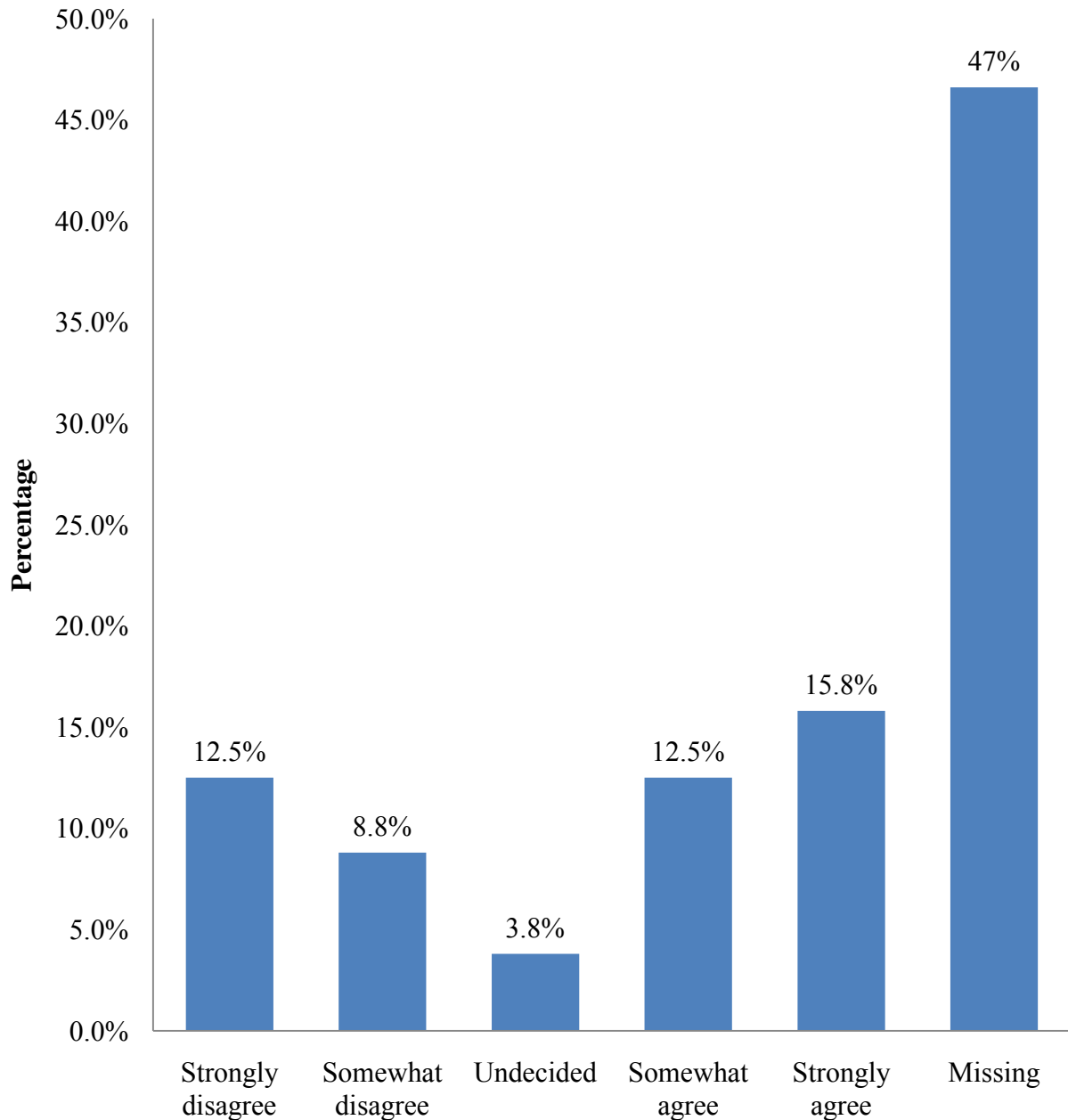


Figure 4.11: Finding the right person to help

This question indicated that of the respondents 12.5% strongly disagreed that they were satisfied with finding the right person to assist them, 8.8% somewhat disagreed, 3.8% were undecided, 12.5% somewhat agreed and 15.8% strongly agreed that they were satisfied with finding the right person to assist them.

Question 12: In my last contact with the municipality, I was satisfied with the amount of time taken to deal with my matter (reason for contact).

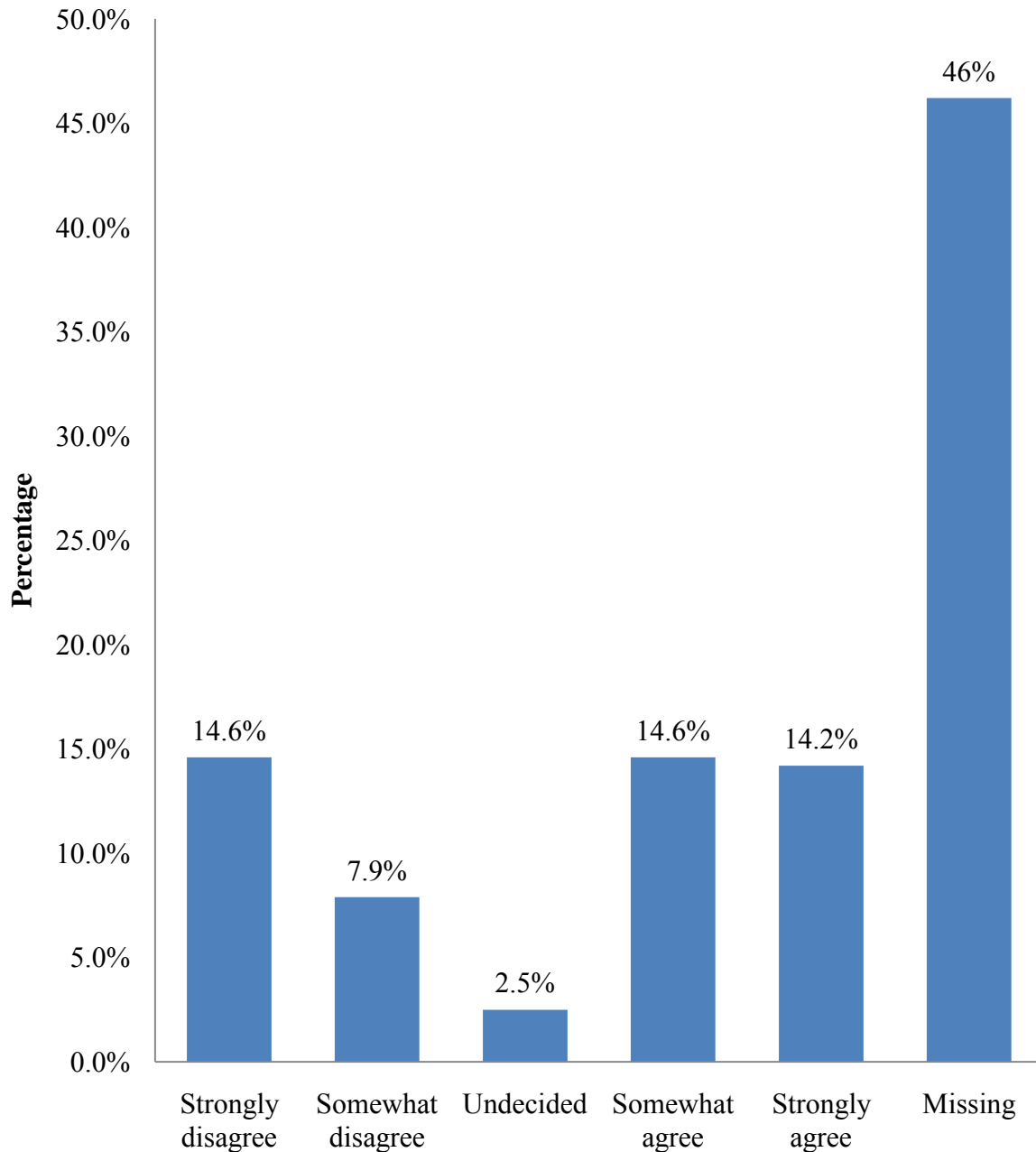


Figure 4.12: Satisfaction with Time Taken

This question revealed that 14.6% of respondents strongly disagreed that they were satisfied with the amount of time taken to deal with their matter, 7.9% somewhat disagreed, 2.5% were undecided, 14.6% somewhat agreed and 14.2% strongly agreed that they were satisfied with the information provided.

Question 13: In my last contact with the municipality, I was satisfied with the information I was given.

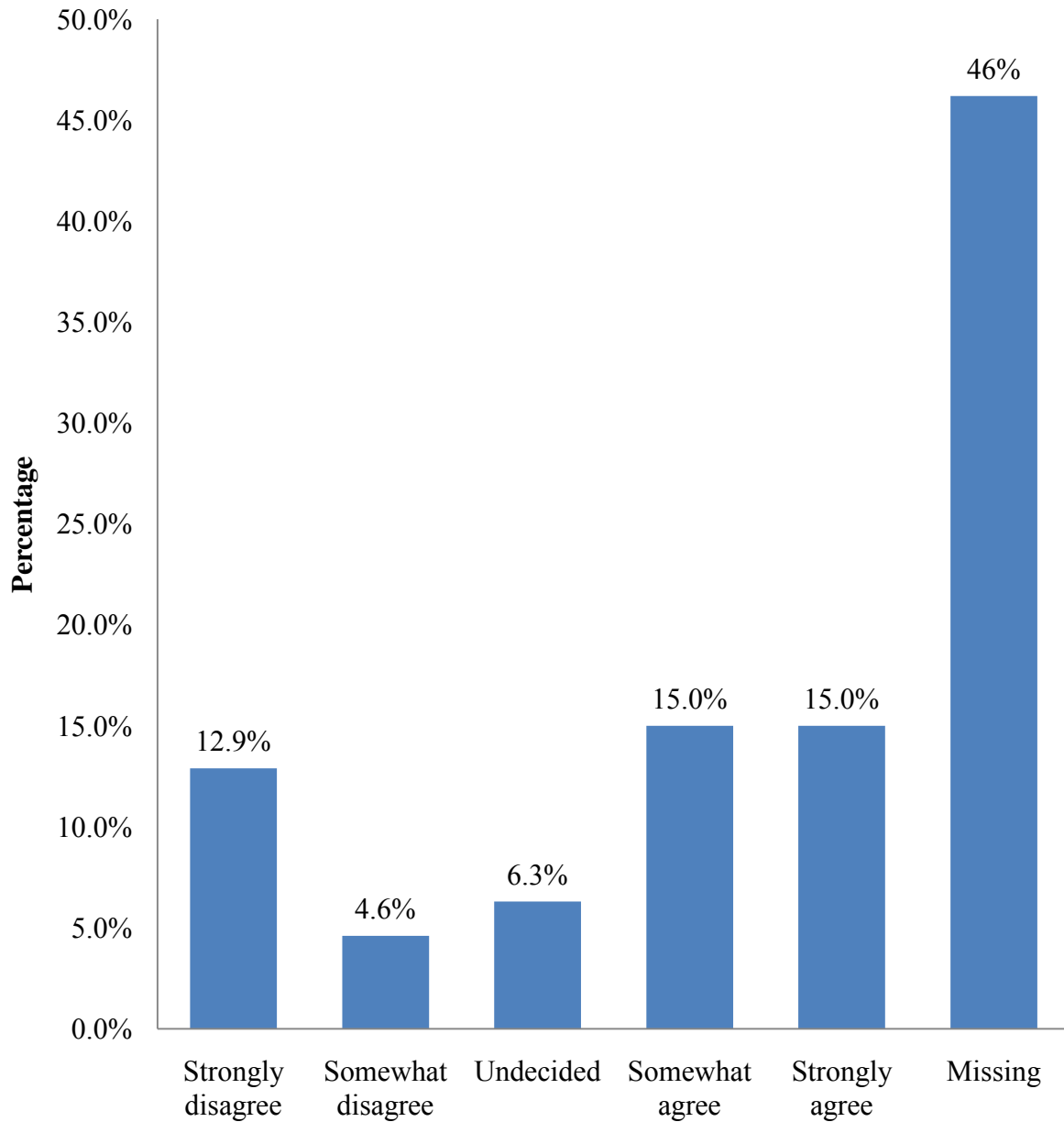


Figure 4.13: Satisfaction with Information Received

This question revealed that 12.9% strongly disagreed that they were satisfied with the information they were given, 4.6% somewhat disagreed, 6.3% were undecided, 15% somewhat agreed that they were satisfied with the information they received and the remaining 15% strongly agreed that they were satisfied.

Question 14 : In my last contact with the municipality, I was satisfied with the competency of the municipal staff members.

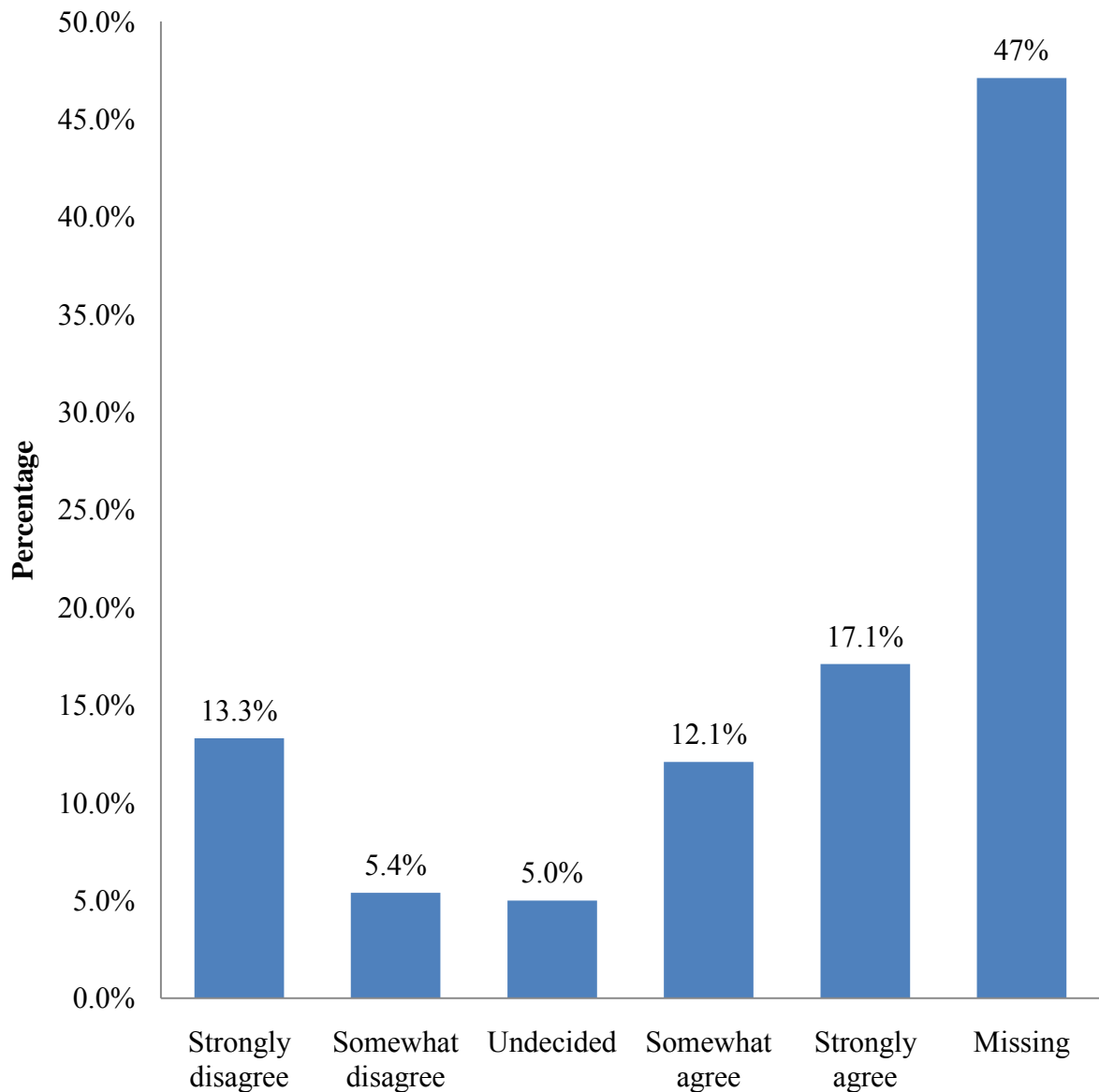


Figure 4.14: Satisfaction with competency of municipal employees

This question indicated that 13.3% strongly disagreed that they were satisfied with the competency demonstrated by the municipal staff members, 5.4% somewhat disagreed, 5% were undecided, 12.1% somewhat agreed and 17.1% strongly agreed that they were satisfied with the competency of the staff members.

Question 15: In my last contact with the municipality, I was satisfied with the helpfulness of the municipal staff members.

Question 15 demonstrates that 13.3% strongly disagreed that they were satisfied with the helpfulness of the municipal staff member, 8.3% somewhat disagreed, 33% were undecided, 10.4% somewhat agree and 17.9% strongly agree that they were satisfied with the helpfulness of the municipal staff member.

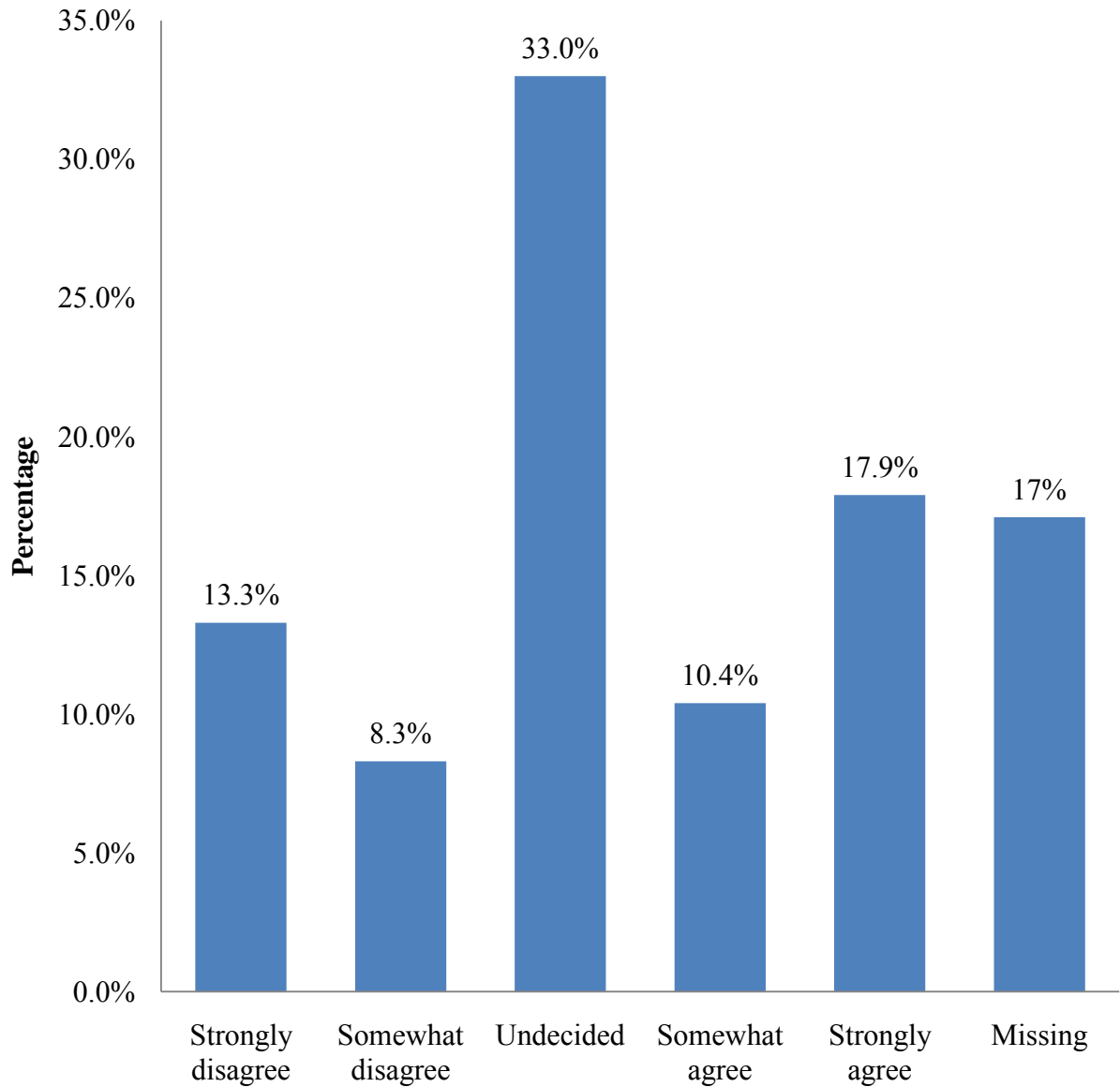


Figure 4.15: Satisfaction with Helpfulness of Municipal Employee

Question 16:_ In my last contact with the municipality, I was satisfied with the final outcome of my matter.

The majority of respondents, 26.6% and 28.9% respectively agreed that they were satisfied with the outcome whilst 28.1% and 13.3% were not happy with the outcome, whilst 3.1% were undecided.

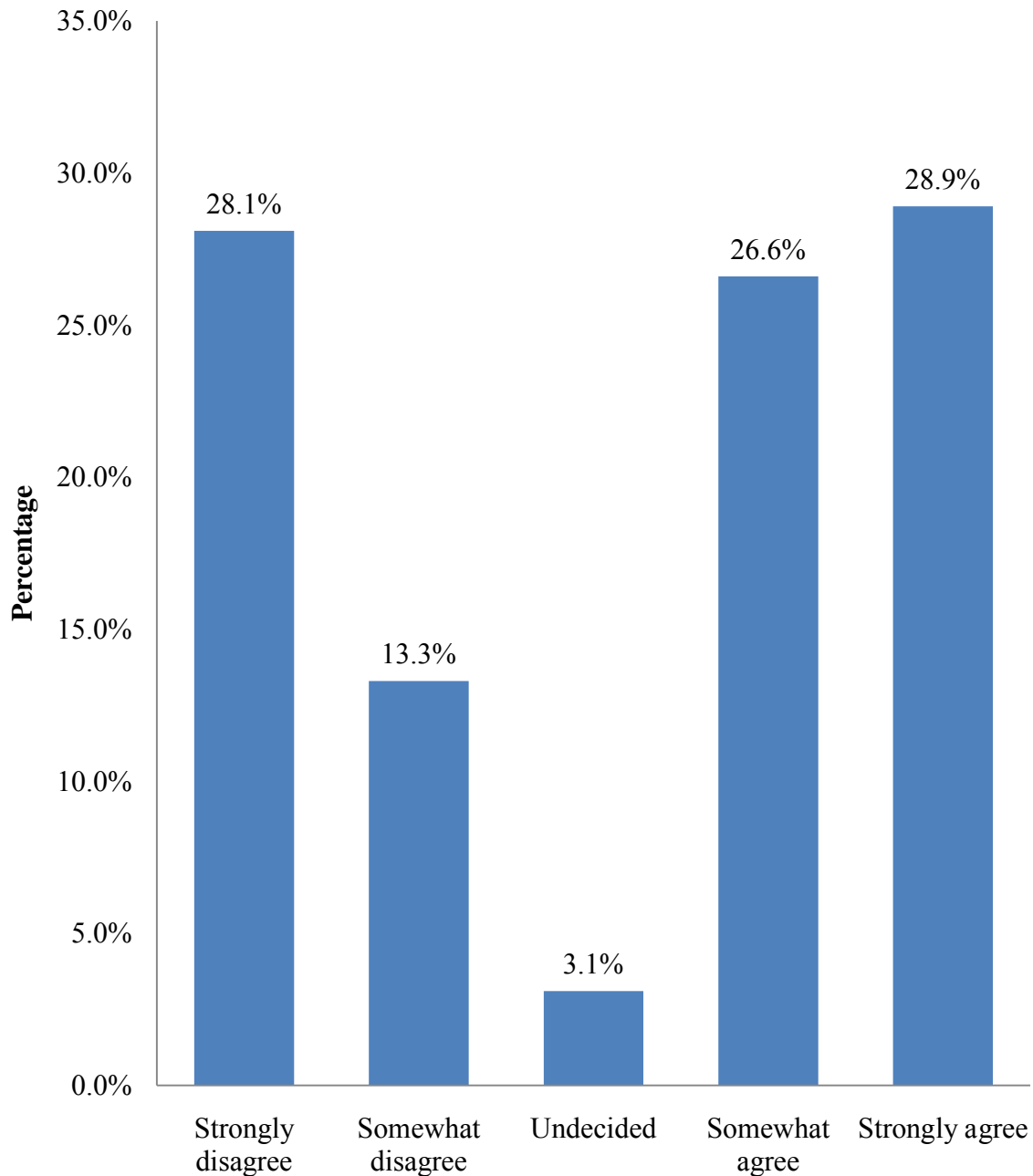


Figure 4.16: Satisfaction with Outcome

4.2.2.3 Part 3: Involvement in Local Municipality Affairs

This section is aimed at obtaining insight into respondents' willingness to interact with municipal and social structures, to participate in bodies and forums that influence municipal performance, how they rate the provision of municipal services and the performance of the municipality.

Question 17: In the past year, have you attended any of the following?

This question demonstrated that of the respondents 28.4% had attended public meetings, 19.8% attended community based organisation meetings, 18.0% had met with municipal officials, 20.3% had met with their ward councilor and 15.4% had met with other municipal representatives. 70.7% had not attended any public meetings, 79.3% did not attend meetings of community based organisations, 81.1% had not met with municipal officials, 78.9% had not met with their ward councilor and 82.9% had not met with any other municipal representative.

Interactions	Yes	No	Don't Know	Total
Attendance at public meetings	27.50%	68.30%	0.80%	96.60%
Attendance at CBO Meetings	18.80%	75.00%	0.80%	94.60%
Meetings with municipal employees	17.10%	77.10%	0.80%	95.00%
Meetings with ward councillor	19.20%	74.60%	0.80%	94.60%
Meetings with other municipal representatives	14.60%	78.80%	1.70%	95.10%

Table 4.1: Interactions with the Municipality

Questions 18 to 21

Question 18: In the past year, have you telephoned any municipal office to express your views on any municipal related matter or service?

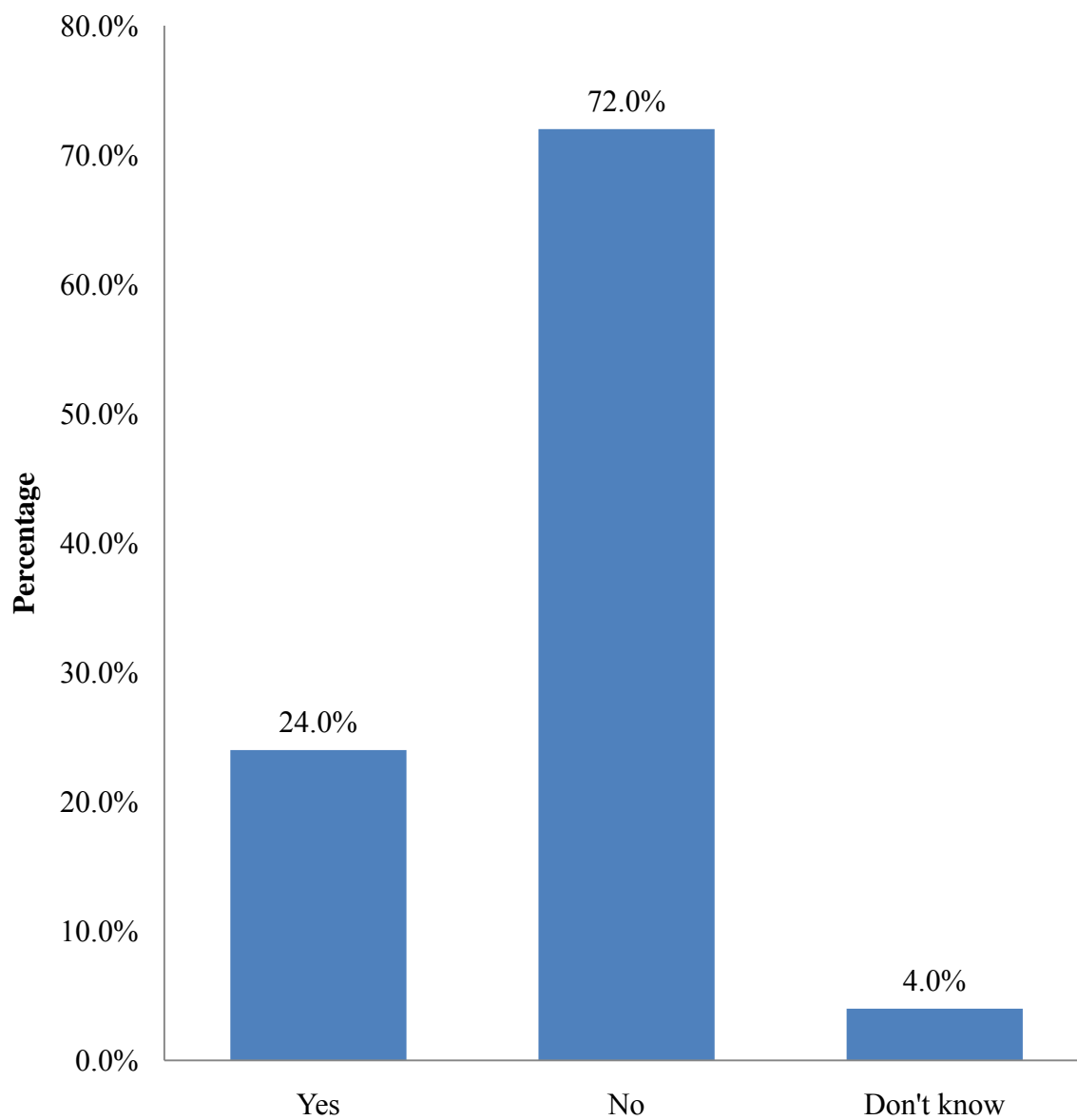


Figure 4.17: Expressing views telephonically

This question revealed that 23.8% had contacted the municipality to express their views on municipal related matters or service.

Question 20: In the past year, have you participated in any survey (excluding this survey that you are currently completing), in any focus groups, or telephone interviews on municipal related matters?

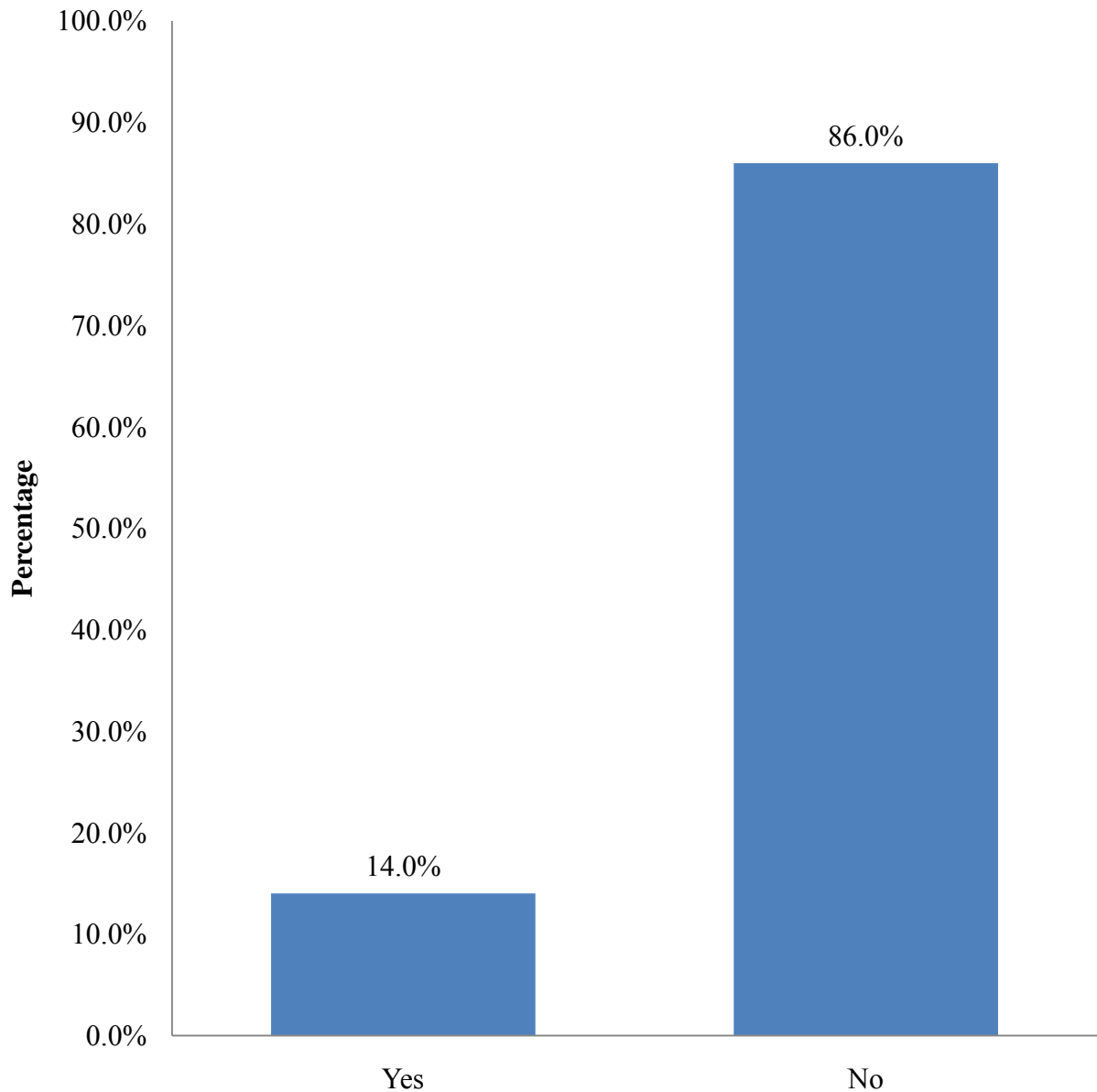


Figure 4.18: Participation in focus groups

This question revealed that 14% of respondents had participated in focus groups relating to municipal matters and 86% had not.

Question 22: In the last year, do you agree that the municipality has made adequate provisions for you to express your views on the municipal services and issues that affect you?

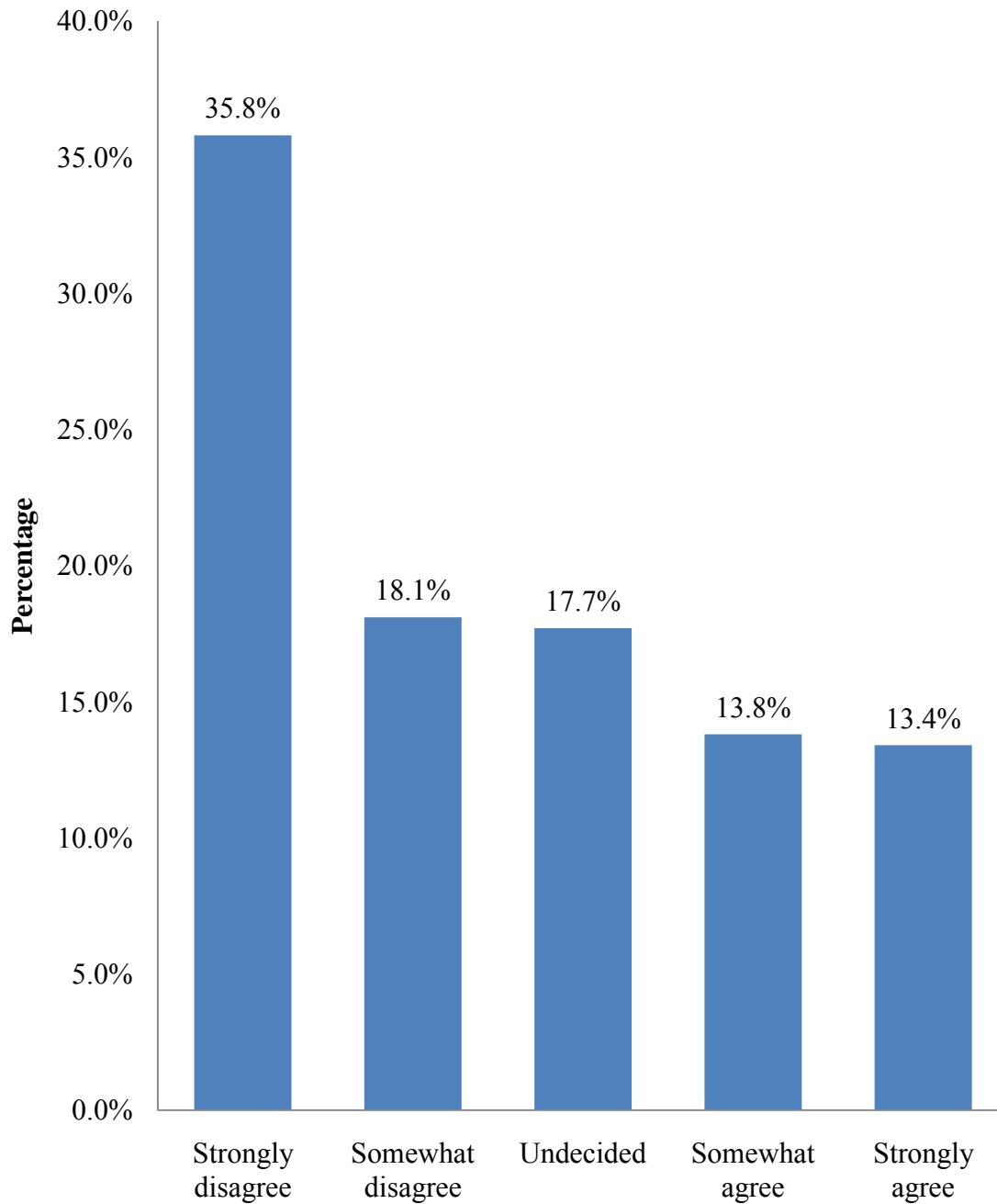


Figure 4.19: Adequate provisions to express views

This question indicates that 35.8% of respondents strongly disagree that the municipality has adequate provisions to enable them to express their views, 18.1% somewhat disagree, 17.7% were undecided, 13.8% somewhat agreed and 13.4% strongly agreed that the municipality had adequate provisions for expressing views.

Question 2.3: Are you satisfied with the opportunities for participation in local decision making provided by your municipality?

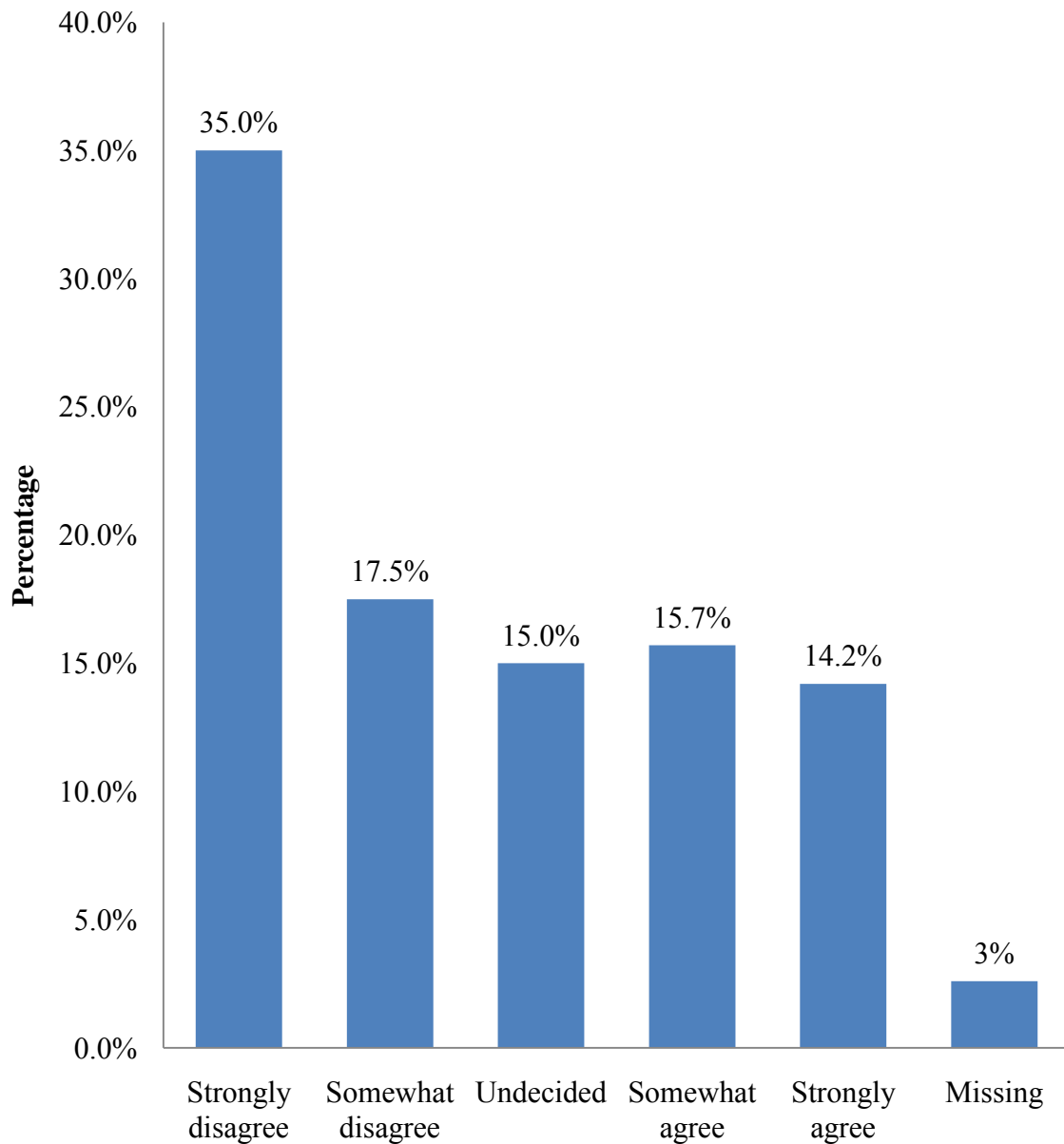


Figure 4.20: Opportunities for participation in Local Government Decision Making

This question revealed that 35% of respondents strongly disagreed that they were satisfied with the opportunities provided for participation in local decision making, 17.5% somewhat disagreed, 15% were undecided, 15.7% somewhat agreed and 14.2% strongly agreed.

Question 24 : Generally speaking, would you like to be more involved in the decisions your municipality make(s) that affect your local area?

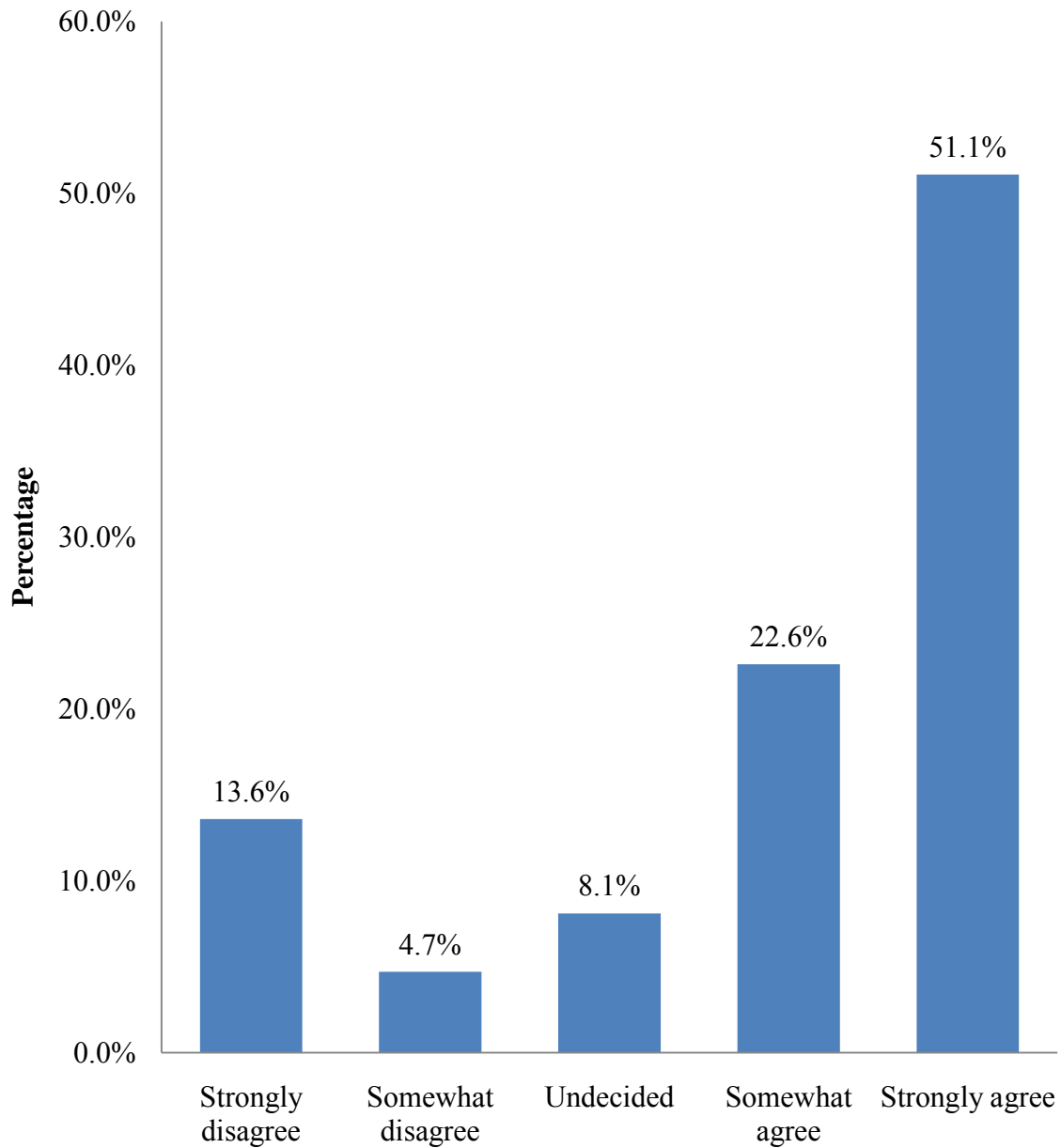


Figure 4.21 Willingness to become more involved in Municipal Affairs

Of the respondents, 51.1% and 22.6% indicated that they would like to be more involved in municipal decision making. Thirteen point six percent (13.6%) and 4.7% answered that they would not be willing to increase their involvement and 8.1% were undecided.

Question 25: To what extent do you agree with the following statements?

- eThekwini Municipality is working to make our area a better place to live in.
- eThekwini Municipality has upgraded the civic centres and community halls in our area.
- eThekwini Municipality is progressive.
- eThekwini Municipality is an engaging organisation.
- eThekwini Municipality listens to the concerns of local residents.

eThekwini Municipality	Strongly disagree	Somewhat disagree	Undecided	Somewhat agree	Strongly agree
Is working to make our area a better place to live in	32.50%	12.80%	9.80%	26.50%	18.40%
Has upgrade the civic centres and community halls in our area	44.10%	13.60%	8.40%	15.70%	18.20%
Is progressive	24.90%	15.50%	28.80%	18.50%	12.40%
Is an engaging organisation	24.90%	15.50%	28.80%	18.50%	12.40%
Listens to the concerns of local residents	34.50%	14.50%	13.60%	23.00%	14.50%

Table 4.2: eThekwini Municipality

Question 27: Compared to a year ago the eThekweni Municipality is doing a better job

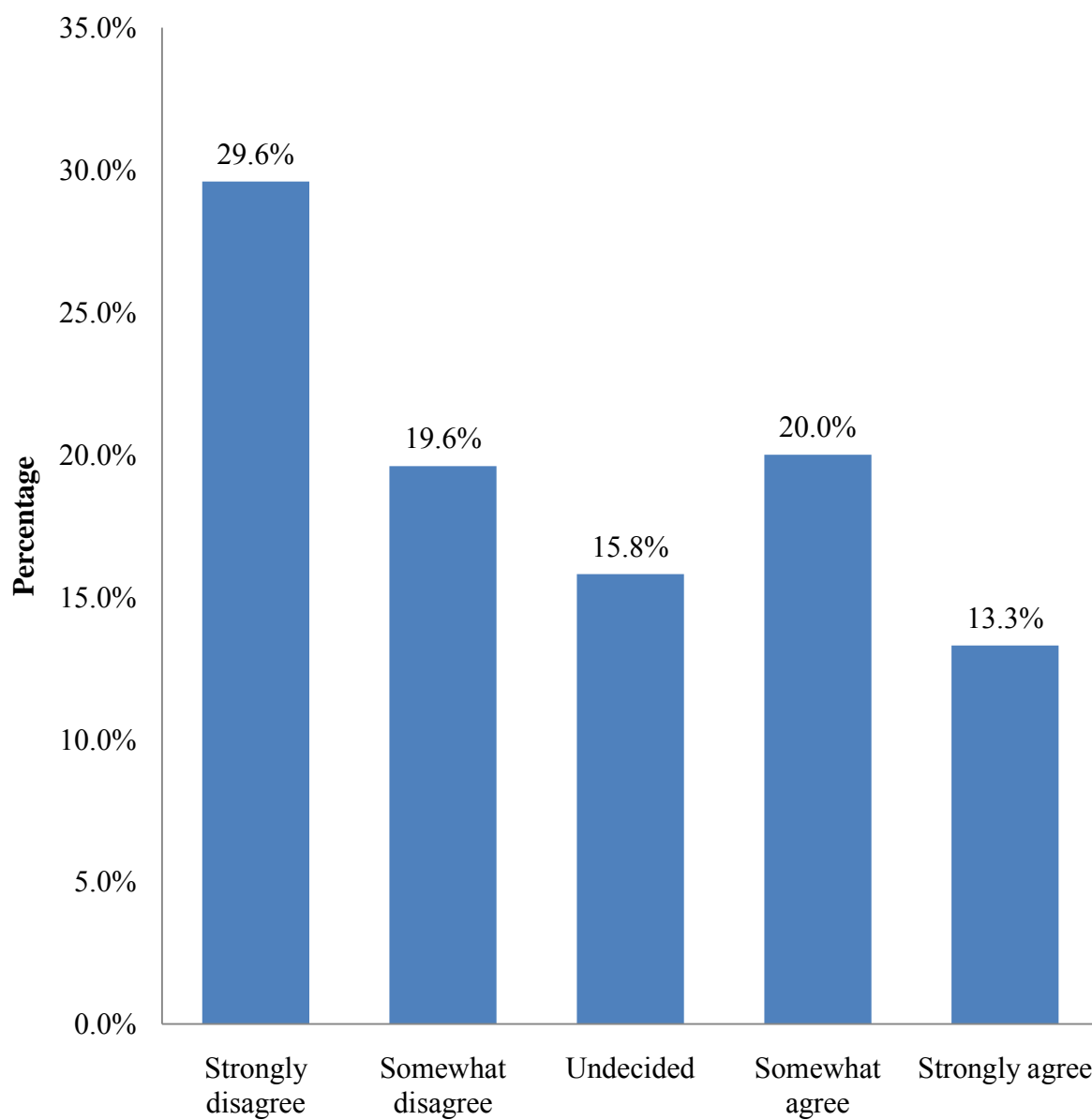


Figure 4.22: Improvement in Municipal Performance over the last year

This question indicated that 29.6% of the respondents strongly disagreed that the municipality is doing a better job compared to the year that had passed, 19.6% somewhat disagreed, 15.8% were undecided, 20% somewhat agreed and 13.3% strongly agreed that compared to the year that had passed the municipality is doing a better job.

4.3 Inferential Statistics

4.3.1 Correlation Tests

Correlation tests are used to determine the existence and significance of relationships between variables (Cooper & Schindler 2001).

Correlations

		In the last year do you agree that the municipality has made adequate provisions for you to express your views on the municipal services and issues that affect you	Compared to a year ago is the municipality doing a better job
In the last year do you agree that the municipality has made adequate provisions for you to express your views on the municipal services and issues that affect you	Pearson Correlation	1	.522**
	Sig. (2-tailed)		.000
	N	232	231
Compared to a year ago is the municipality doing a better job	Pearson Correlation	.522**	1
	Sig. (2-tailed)	.000	
	N	231	236

** . Correlation is significant at the 0.01 level (2-tailed).

The probability (p) value in tables 1 and 2 above is 0.000 which is less than 0.05 indicating that there is significant correlation between respondents that expressing their views and their perception of the improvement of the municipality. The Pearson correlation coefficients of 0.522 indicates a strong and positive correlation respectively between the municipality providing opportunities for municipal customers to participate and making adequate provisions for them to express their views for these customers to agree that the performance of the municipality has improved.

Correlations

		Generally speaking would you like to be more involved in the decisions your municipality make that affect your local area	compared to a year ago is the municipality doing a better job
Generally speaking would you like to be more involved in the decisions your municipality make that affect your local area	Pearson Correlation	1	.057
	Sig. (2-tailed)		.388
	N	235	233
Compared to a year ago is the municipality doing a better job	Pearson Correlation	.057	1
	Sig. (2-tailed)	.388	
	N	233	236

There is a strong positive relationship which indicates that if one variable increases, then it will lead to an increase in the other variable as well. One infers from this that for respondents to better rate the performance of the municipality they would need to feel more included in the municipal affairs, the municipality would need to listen more to its customers and the municipality has to continue working hard to demonstrate that it would keep promises made.

4.4 Conclusion

Descriptive, comparative and inferential statistics were used to inform an understanding of the data. The descriptive analysis provided insight into the respondents and their responses to the questionnaire. The inferential statistics provided insight into variables influencing respondents' perceptions of improvement by the municipality in the job it did. This is especially relevant as the municipality's job is to deliver municipal services to customers and ratepayers. In Chapter five the results of this study will be discussed further.

Chapter Five:

Discussion of Results

5.1 Introduction

This chapter discusses the results of the statistics as presented in the previous Chapter. The literature review contained in Chapter 2 will be used as the foundation. This chapter will identify and discuss whether the results support or contradict the literature. The research questions will be answered using the outcomes of the statistics as presented in Chapter Five.

5.2 The Key Research Questions

5.2.1 What can be learned from the strategies, methodologies and models designed and implemented by eThekweni Municipality to improve their effectiveness in promoting customer relations management?

The literature research indicates that shortly after amalgamating from 7 municipalities into a single municipal entity, the Regional Centres Unit of the newly formed eThekweni Municipality embarked on a CRM project. The project resulted in the introduction of customer care centres in various wards of the municipalities (attached as Appendix 1). These centres were branded Sizakala Customer Care Centres with vibrant bright colours and large signage.

Given the constraints attached to rural areas, the Regional Centres Unit deemed it impractical and economically unviable to provide the full range of services in these areas. Specialised services staff being costly to appoint to a location where the demand for such services was rare or infrequent led the municipality to opt for information centres in these areas. These small customer care centres provided assistance to customers to apply for services, to obtain information on municipal accounts and other issues and to submit documents for onward transmission to service departments such as Electricity, Water, Rates, etc. In the larger urban areas such as central Durban, Pinetown, Kingsburgh and Tongaat, the Regional Centres Unit implemented customer care centres that provided a 'one stop shop' for municipal customers. A customer can access all and any current municipal service in these centres and can meet with staff from specialised departments such as engineering or town planning.

A customer care policy was developed and officially launched at a community function held in Umlazi in 2008. This policy outlines the CRM objectives set for the municipality and makes certain promises to the municipal customer. All municipal employees were given a copy of this policy to make them aware as employees what was expected from them in servicing customer and users of municipal services.

From the literature review obtained from the eThekweni Municipality and from the results of the survey, it can be inferred that making a single unit responsible and accountable for CRM has yielded results, removed internal politicking and negative competition amongst municipal units and improved access to the municipality. This is supported by the findings and recommendations presented King (2006), Cripps et.al. (2004) and Caruana, Ramaseshan & Ewing (1998).

By pooling together the resources of many departments in a Sizakala Customer Care Centre, the municipality is able to achieve both productive and allocative efficiency as it attempts to optimize the employment of resources to achieve the best possible mix of goods and services provided at the lowest possible cost (McConnell & Bruce 2005). The formulation of a customer care policy guides the behavior of employees and outlines to customers what their expectations should be. This supports the views expressed by Elliot (2000).

However, this researcher is of the opinion that the process followed by the Regional Centres Unit was weak, unstructured and without any documented evidence to justify the reasons for the CRM processes adopted or identification of locations for the Sizakala centres. There is no evidence of segmentation, marketing strategy or other analysis which is critical to such initiatives as outlined by Prowle (2008).

5.2.2 Has the roll out of the Business Operating Model for the eThekweni Customer Services Centres improved access to municipal information and services for all citizens at acceptable standards; and achieved its objectives of ensuring that consistent service is provided through the various channels viz. telephonically, electronically or face-to-face?

According to Cripps, Ewing & McMahon (2004) the amalgamation of many municipalities into a single structure provides the new structure with economies of scale that in turn provides the new municipal structure with greater resources to improve delivery of services to the community. The eThekweni Municipality resulted from an amalgamation of seven municipalities in the year 2000. This

new single municipal entity inherited the resources of the erstwhile municipalities thereby implying that municipal performance and services should have been improved.

From the survey results, a significant percentage (50%) of the responses did not support the theory that municipal performance had improved. A third of the responses felt that municipal performance had improved. The research results infer a strong and significant relationship between levels of involvement between the municipality and its customers and the customer's perceptions of the municipality. From the research results, it can be inferred that municipal customers want to improve the importance of their role in public policy and decision making, they desire to be involved with the municipality but feel that the processes for participation stifle the amount of involvement and participation they can have with the municipality. These findings support Bingham, Natchi & O'Leary (2005), Da Silva (2007), Cripps et.al. (2004) and Rusimbi (2008).

From the findings of this research it can be inferred that municipal customers are aware of the standard of service they can expect from the municipality, are informed on the processes to submit complaints, believe that they can influence municipal decisions and know how to settle their municipal bills. Given that this research did include some of the areas that were part of erstwhile municipalities, there appears to be no confusion by the respondents in adjusting to a single municipal entity. It can also be inferred further that most people prefer to contact the municipality through telephony or by visiting a municipal office. The main reasons for contact with the municipality are to submit complaints, report a problem, and apply for services or to request advice or information. Therefore it can be inferred that access to municipal services and the standards of service provided are acceptable to municipal customers. This finding does not support Beynon-Davies & Martin (2004) but does support Greenberg (2002).

Overall, a slightly higher proportion of respondents indicated satisfaction with the customer service received, and a slightly lower proportion indicated the opposite. Given the minimal difference between those that indicated satisfaction and those that did not, the researcher infers from these results that there appears to be inconsistency in the approach, competencies and attitudes of the service employee to the customer, in the time taken to resolve the issue, the quality of service provided and the outcome of the issue and therefore the model has not yet achieved its objective of providing consistent service which according to Kandell (2004) would have been an outcome of an effective CRM implementation.

5.2.3 Are the programs associated with change management, stakeholder involvement, branding and marketing of the Customer Service Centres to promote customer relations management effective in achieving the CRM objectives targeted by the eThekweni Municipality?

According to Blackman and Stephens (1993) effecting change in organizational culture is far more difficult than improving customer services. Futrell (2008) provides a list of issues that would need to be reviewed to bring about institutional change such as training, review of policies and programmes incorporating relevant and pertinent accountable procedures. This research supports these authors as it can be inferred by the results that respondents are generally satisfied with the customer service provided and that the service provided varies among the municipal employees. The researcher also infers from the results that the municipality has not yet succeeded in providing enough or appropriate channels to encourage and allow municipal customers to participate in its affairs. Stakeholder involvement is currently viewed as weak by the respondents. From the results it can be inferred that CRM has not provided immediate quick win solutions for the municipality. The municipality appears to be progressing well towards meeting its CRM objectives but has lots more work to do for the full CRM results to be achieved. This finding is supported by Chang (2004), Woodcock et al. (2003), Newell (2004), Greenberg (2004) and Haudan (2008).

The municipality embarked on a strong branding drive. I was surprised by the decision to develop a separate brand for the Customer Care Centres under the umbrella municipal brand. The municipality adopted a new name for the centres after holding a competition inviting the public to recommend suitable names that would be strongly associated with customer services. The name Sizakala was adopted which is an isi Zulu word meaning 'get help'. The colour used for the brand is orange which is not associated with the traditional municipal colours. All Sizakala Customer Care Centres (urban offices) and Information Centres (rural offices) were redecorated internally and externally in line with this brand. The interior of these centres are outfitted in contemporary, comfortable furniture with strong lighting, official counters at seating height and large lit directional and information signage. The interior was designed to welcome customers and to make them feel as comfortable as possible whilst there. These centres are also branded in the colours of the Sizakala brand.

As a large proportion of respondents indicated that they chose face to face contact with the municipality during their interactions, they would have visited a Sizakala Centre for assistance. From the results of the research it can be inferred that the Sizakala Branded centers are positively influencing the customer service experience given that a large proportion of respondents did report a satisfied

customer service experience. The decision to brand the customer care centers as a separate brand under the umbrella brand of the municipality signaled a fresh new start to the public and is a key lesson learnt. This is supported by Raju et.al.(1995), Buttle (2004), Dean (2001), Kotler (2001), Kotler (2002) and Dyche (2003).

5.2.4 How do ratepayers and other users of municipal services rate the customer service provided by eThekweni Municipality?

The most significant finding of the research was the responses to the customer service satisfaction level respondents experienced in their interaction with the municipality. The factors surveyed were service, time, information provided, outcome; and knowledge, competency and helpfulness of eThekweni Municipality staff. In every dimension the majority of respondents, more than 50 %, answered positively, with 27% to 30% falling in the strongly agree category. The factors that appear to be most valued and which received the most positive responses were Information, Outcome, Competency of Municipal Employee and Time. The Information factor also received the scores for least satisfying. This finding supports Futrell (2006) who notes that it is vital for the relationship to present the customer with the required information that will assist the customer to arrive at an informed decision (Section 2.10 of this study). This finding also supports the outcomes listed by King (2001) which are, inter alia, customer services that are citizen oriented, getting it right the first time and encouraging accountability.

However, despite the foregoing, the researcher notes that almost as many respondents were not satisfied with the customer service provided in the factors listed. The factors that received the least favorable responses were competency and helpfulness experienced from the municipal officials. Given these findings, the researcher infers that municipal employees have a significant influence on the service experience of municipal customers (Ling & Yen 2001; Elliott 2000; Da Silva 2007). Blackman and Stephens (1993) observed that local government organization culture did not correspond to a customer centric culture whilst Futrell (2006) observes that customer service people should have inherent characteristics of wanting to help people, must obtain satisfaction from helping people and must be able to put the needs of the customer before their own pride especially when dealing with unhappy or disgruntled customers. Whilst this finding does not support the main aims contained in the eThekweni Customer Care Policy (2008) namely getting it right the first time, providing consistently excellent customer service and BathoPele principles, given the significant proportion of positive responses, this researcher is of the opinion that the municipality is on the correct track. A similar research in the near future may well reveal that the municipality has achieved these objectives. The

Customer Care Policy (2008) provides a strong foundation in the form of a strong value proposition. A strong value proposition attracts clients and customer behavior analysis, marketing and good service builds and maintains customer relations and loyalty. This is supported by Ahn, Kim & Han (2003), Kotler (1997), Blattberg & Deighton (1996) and Chaffey (2004).

5.3 Conclusion

In this chapter it was illustrated that there is a significant correlation between how the respondents' rated the municipality's performance against their own involvement in municipal activities. One infers from this that when people become more involved in municipal affairs, they are more likely to rate the municipality's performance positively, they perceive the municipality as being more inclusive and engaging and their trust in the municipality is higher than those people that are not as involved in municipal activities. The vision for the municipality is to make Durban Africa's most caring and livable city by 2020. The questionnaire was designed to test whether the municipality was progressing towards achieving this vision and the results indicate that the municipality still has a lot of work to do to achieve this vision. Chapter six will provide recommendations and concluding remarks.

Chapter Six

Recommendations and Conclusions

6.1 Introduction

The research study carried out on CRM in eThekweni Municipality forms the foundation of the recommendations contained in this chapter. These recommendations will fill the gaps identified in the literature review and is based on the findings from the questionnaire as well.

6.2 Recommendations

The following recommendations are made:

6.2.1 Developing a CRM Strategy

The researcher could not trace any documented evidence of any formal or adopted strategy that could be obtained for research and analysis purposes during the literature review. On approaching the management of the Regional Centres Unit for a copy of the CRM strategy, the researcher was informed that the strategy was not written up and was the result of discussions and decisions made ‘along the way’. As research cannot be based on hearsay only, it is strongly recommended that the eThekweni Municipality documents its strategy, processes, experiences and lessons learnt during its CRM journey to ensure that new and future management and employees can gain historical context and insight into reasons and decisions taken. This would also assist with making available valuable literature that other municipalities can benefit from. As CRM in South African municipalities is relatively new, the CRM results of the eThekweni Municipality indicate the immense potential of CRM to improve government performance and possibly help restore public confidence in public institutions.

6.2.2 Segmentation

It is strongly recommended that the municipality undertakes an exercise in segmentation to, inter alia:

- generate knowledge and understanding of peculiarities and /or similarities of the various communities, individuals, sectors, etc. that it services,
- to measure the numbers and types of consumers of municipal goods and services,
- to develop unique marketing strategies for distinctive segments,
- to develop product offerings suitable to each segment;

- to design and make available differentiated channel offerings for payment of utility bills, submission of complaints, etc.,
- to identify and make available adequate, appropriate and different opportunities and channels for municipal customers to interact and participate in municipal affairs

6.2.3 Identifying Suitable Methods to Increase Stakeholder Involvement

From the results of the research, it can be inferred from the respondents that the public wants to be more participatory and involved; however, the current methodology employed by the municipality is restricting their involvement. It is recommended that these be reviewed once the segmentation is completed to provide alternatives to members of the public for participation. As an idea, perhaps people cannot attend any public meetings called by the municipality whether during or after working hours as they have other priority obligations. For such individuals participation could be through surveys that can be completed at their own time and mailed back via post or electronically to the municipality.

6.2.4 Motivating and Recruiting Customer Service officials

In the philosophy that a happy employee will show a happy face to the customer, it is important to keep employees motivated and energized especially if they are required to deal with unhappy and irate customers. The Customer Employee Model by Da Silva (2007) is recommended for this purpose as it combines CRM and ERM (Employee Relationship Management) principles to:

- Show empathy and care to employees,
- To motivate employees,
- To identify employees needs and preferences and fit with position.

Futrell (2006) developed a model of personal characteristics that individual serving customers should possess and is also recommended to the municipality to guide the recruitment of individuals that would be in direct contact with members of the public as customers of the municipality whether over the counter or telephonically.

6.2.5 Implementing Organizational Change and Achieving Strategic Results

The EFQM model developed by the European Foundation is recommended for both organizational change and delivering on strategy. This model will enable the eThekweni Municipality to understand the connections between all its processes and resources and will improve the municipality's ability to

achieve results. It is a tool that can be used to generate a logical and systematic understanding of the organization. This understanding can be used to identify what is working well, what are the advantages the municipality has, where the gaps are to be filled, would be required to meet the strategic goals and it will also enable the municipality to measure the results achieved.

6.2.6 Suggestions for Future Research

In order to achieve the research objectives, this study was very focused and specific. The following are recommended as areas of future research on CRM experiences within eThekweni Municipality:

6.2.7 Demographics of Respondents

- The survey question did not ask respondents to indicate their religious or racial profiles therefore inferences could not be made on how different ethnic groups viewed the performance of local government.
- The survey did not obtain information on respondents' preferred first language and if there is a difference between preferred language and perceptions of municipal service satisfaction.
- The study also did not focus on identifying if people that lived or worked in different municipal wards experienced differences in satisfaction with municipal services.
- A high proportion of the respondents were aged between 21 and 43 years with a very small proportion representing the older and senior citizens ages therefore inferences could not be made on whether the different age groups have different views on municipal service satisfaction.

6.2.8 Comparisons across Local Governments

The local government structures in South Africa vary in size, budget, performance, service levels, etc. This study is focused only to eThekweni Municipality and did not investigate similar initiatives by other South African local governments or compare eThekweni's experience with those of the other local government structures.

6.2.9 Comparisons across Service Channels/Contact Points in the Municipality

The eThekweni Municipality provides various channels for municipal customers to initiate contact. Telephony contact can be initiated through the eThekweni Water Department Call Centre, eThekweni Electricity Department Call Centre, Revenue Department Call Centre, etc. Face to face contact is through the Sizakala Centres which are designed as one stop shop centres in the urban areas and information centres in the rural areas. Customers can also visit the offices of the various municipal units such as the Health Department, Town Planning etc. for help with very specific issues. This

research focused on the customer service experienced irrespective of the channel of contact and did not compare the service offerings provided through the various channels available to customers.

6.2.10 Needs Assessments of Users of Municipal Services

This study did not undertake a needs assessment of users of municipal services and therefore it inferences cannot be made as to whether the current services meet the needs of municipal customers or whether customers would like to see extended services added, e.g. educational services, etc.

6.2.11 Rural Areas

As the questionnaire was applied to respondents in shopping malls in urban areas, it was not possible to obtain participation by residents in rural communities and therefore inferences cannot be extended to municipal customers and users of municipal services in rural areas.

6.3 Conclusion

The key reason for choosing this research topic was due to CRM being newly introduced into local government in South Africa driven by key legislation. In the absence of any previous local (South African) experiences, municipalities had to find their own solutions and worked in isolation from each other and even their sister municipal units developing and implementing strategies to ensure compliance with legislation to become customer focused. Also, whilst there is a relatively adequate, though not exhaustive, amount of literature available on CRM in local government, this literature is mostly referring to countries outside of South Africa, with very little literature available and relevant to South African experiences. The reason for focusing on the eThekweni Municipality was influenced by the researcher's interest in local government, its impact on the lives of society, its value to citizens and municipal customers and its continuous evolution to meet the ever changing needs of municipal customers and ratepayers. This is a relationship that begins with our birth and ends with our death.

The eThekweni Municipality is making good progress towards achieving its objectives, and with continued focus and strategies aimed at customer service, will achieve targets set in the future. The data collected and analyzed has contributed to the success of this study. It can therefore be concluded that this study has fully addressed the research problem and provided answers to the research questions, within the limitations of the study.

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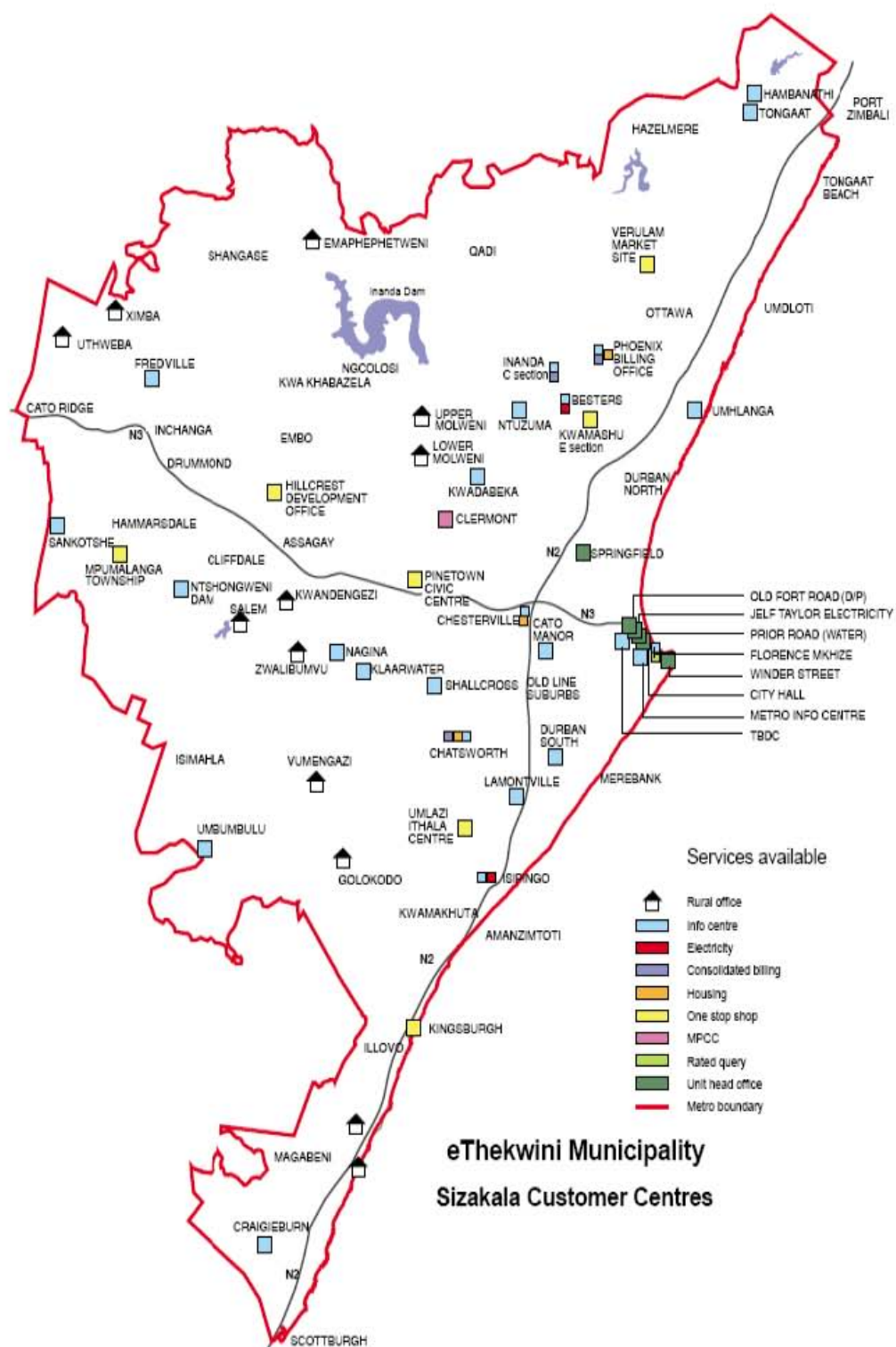
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Appendix 1: Distribution of Sizakala Customer Care Centres



Appendix 2: Letter of Permission from eThekweni Municipality

11/07 '07 WED 16:41 FAX 331 7192514

HEM: REGIONAL CENTRE

0002



HEM: REGIONAL CENTRE
G. C. CHIRYDOL
21 Kwa-Ndlovu, Durban 4014
P.O. Box 14, Pietermaritzburg
South Africa 3201
TEL: 031 261 1111
FAX: 031 261 1111

Our Ref: 25

Mrs S. Cherry
10 P.L.M. Avenue
Kingspark Ridge
Johannesburg
2169

Dear Mrs Cherry

**REQUEST FOR PERMISSION TO UNDERTAKE RESEARCH ON CUSTOMER
RELATIONSHIP MANAGEMENT IN LOCAL GOVERNMENT: A CASE STUDY OF
ETHEKWE NI MUNICIPALITY**

I am happy to advise you that permission is granted for you to undertake the above research and I will be happy to meet with you and assist you as and when required.

Please ensure that once your research has been completed and compiled into a dissertation, that you forward us a copy of your dissertation for our record purposes.

I look forward to interacting with you during your research stay and with you engaged with your studies.

Yours faithfully

MR G.S. SIBUYI
HEAD: REGIONAL COUNCIL UNIT
ETHEKWE NI MUNICIPALITY

c.c.: Dr Mervyn Puri
University of KwaZulu-Natal



Appendix 3: Letter Accompanying Questionnaire

UNIVERSITY OF KWAZULU-NATAL GRADUATE SCHOOL OF BUSINESS

Dear Respondent,

MBA Research Project

Researcher: Sarasvathy Chetty (011 3742214 OR 011 7915005 OR 084 4053764)

Supervisor: Maxwell Phiri ((033 260 5843)

I, Sarasvathy Chetty, am an MBA student, at the Graduate School of Business, of the University of Kwazulu Natal. You are invited to participate in a research project entitled Customer Relations Management within the local government environment: A Case Study of eThekweni Municipality.

The aim of this study is to evaluate the effectiveness of this Customer Relations Management in eThekweni Municipality towards:

- a. Strengthening and improving relationships with ratepayers and other customers,
- b. Providing its ratepayers and other customers with access to municipal information and services timeously and at acceptable standards whilst maintaining consistent service whether the request is channelled telephonically, electronically or by the customer physically visiting a municipal office.
- c. Improving quality of service provided by improving collusion and collaboration between the various municipal service delivery divisions to provide holistic solutions to customer needs, and
- d. Improving response to requests for municipal services.

Through your participation I hope to understand:

1. Whether the introduction of Customer Services has indeed contributed to improving the delivery of municipal services as well as increasing access to municipal information.
2. Whether the introduction of Customer Service Centres has assisted to improve quality of life of all residents in the municipal area.
3. The strategy, methodologies and models designed and implemented by eThekweni Municipality to inform their customer relations management model.

The results of the survey are intended to contribute to identifying suitable strategies for customer relations management within municipalities by providing deeper insight into CRM within a municipality and thereby serve as reference material that could be used as a guideline by other municipalities, (local, district or metropolitan).

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about ten minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's signature : Sarasvathy Chetty Date : 25 September 2007

CONSENT

I _____ the undersigned have read and understand the above information. I hereby consent to participate in the study outlined in this document. I understand that participation is voluntary and that I may withdraw at any stage of the process.

Participant's signature _____ Date _____

Appendix 4: Questionnaire
UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS

MBA Research Project

Researcher: Sarasvathy Chetty (011 3742214 OR 011 7915005 OR 084 4053764)

Supervisor: Dr Maxwell Phiri (033 260 5843)

CUSTOMER RELATIONS MANAGEMENT WITHIN THE LOCAL GOVERNMENT ENVIRONMENT: A CASE STUDY OF ETHEKWINI MUNICIPALITY

2. The purpose of this survey is to solicit information from employees, ratepayers, visitors, and other users of municipal services such as businesses, religious organisations, civic organisations and suppliers regarding their experience of the customer services provided by the eThekweni Municipality. The information and ratings you provide us will go a long way in helping us identify the success and challenges associated with customer relations management in eThekweni Municipality. The questionnaire should only take 10-15 minutes to complete. In this questionnaire, you are asked to indicate what is true for you, so there are no “right” or “wrong” answers to any question. Work as rapidly as you can. If you wish to make a comment please write it directly on the booklet itself. Make sure not to skip any questions. Thank you for participating!

Background Information

1. Your age-group is ☐ < 21 ☐ 22 - 32 ☐ 33 - 43 ☐ 44 - 54 ☐ > 54 years.
2. Are you ☐ male ☐ female?
3. Your marital status ☐ Married ☐ Single ☐ Divorced ☐ Widow ☐ Other Specify.
4. How many years of formal education do you have beyond secondary/high school? ☐
☐ 1 ☐ 1 - 2 ☐ 3 - 4 ☐ 5 - 6 ☐ > 6 years.
5. What is your highest academic/professional qualification? ☐ Below Matric ☐ Matric
☐ PostMatric Cert ☐ Degree ☐ PGDegree/Diploma ☐ Other, specify
6. For how many years have you been employed? ☐ < 1 ☐ 1 - 5 ☐ 6 - 10 ☐ 11-15 ☐ > 16 years.

7. Your Gross personal income per month (per annum) ☐ < R5000 ☐ R5001-R10000 ☐ R10001-
☐ R15000 ☐ R15001-R20000 ☐ R20001-R25000 ☐ > R25001

8. Please indicate your main organizational function:

☐ Accountancy
☐ Administration
☐ Finance
☐ Human resource management
☐ Marketing
☐ Operations
☐ Production
☐ Customer services
☐ Other (Please specify): Motor Mechanics

PART 1: GENERAL

1. I agree that I can influence decisions affecting my local area? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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2. I am well informed on how to pay eThekweni Municipality bills. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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3. I know how to submit my complaints to the council. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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4. I am well informed on what standard of service I can expect from the council. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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5. I am well informed on how well the municipality is performing. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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6. I agree that the municipality keeps residents well informed about the services and benefits it provides. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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PART 2: CONTACTING THE COUNCIL

7. How many times have you contacted the municipality in the last year? PLEASE TICK ONE BOX ONLY

☐ 1-2 times ☐ 3-5 times ☐ more than 5 times ☐ Do not know

If you have contacted the municipality within the last year, please answer the next 5 questions. If you have not contacted the municipality within the last year, please go to question 17.

8. Which of the following describes the reason for your contact with the municipality? PLEASE TICK ALL THAT APPLY

- ☐ To complain about a municipal service or to report a problem
- ☐ To ask for advice or information
- ☐ To apply for provision of a service
- ☐ Cannot remember/Do not know
- ☐ Other

If other, please write the reason for contact in this space:

.....

9. How did you contact the municipality? PLEASE TICK ALL THAT APPLY

- ☐ In person ☐ Telephonically ☐ By letter ☐ By Fax ☐ By email
- ☐ Via website/internet ☐ Other

If other, please write method of contact in this space:

.....

10. Were you satisfied with the service you received the last time you contacted the municipality? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
-------------------	-------------------	-----------	----------------	----------------

11. In your last contact with the municipality, were you with satisfied with finding the right person to assist you? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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12. In your last contact with the municipality, were you satisfied with the amount of time taken to deal with your matter (reason for contact)? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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13. In your last contact with the municipality, were you satisfied with the information you were given? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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14. In your last contact with the municipality, were you satisfied with the competency of the municipal staff members? PLEASE TICK ONE BOX ONLY

Strongly	Somewhat		Somewhat	Strongly
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Disagree	Disagree	Undecided	Agree	Agree
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15. In your last contact with the municipality, were you satisfied with the helpfulness of the municipal staff members? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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16. In your last contact with the municipality, were you satisfied with the final outcome of your matter. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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PART 3: INVOLVEMENT IN LOCAL MUNICIPALITY AFFAIRS

17. In the past year, have you attended any of the following? PLEASE TICK ONE BOX ONLY

- a. A public meeting
☐ Yes ☐ No ☐ Don't know
- b. A meeting of community based organisation of which you are a member? PLEASE TICK ONE BOX ONLY
☐ Yes ☐ No ☐ Don't know
- c. A meeting with municipal employees? PLEASE TICK ONE BOX ONLY
☐ Yes ☐ No ☐ Don't know
- d. A meeting with your ward councillor? PLEASE TICK ONE BOX ONLY
☐ Yes ☐ No ☐ Don't know
- e. A meeting with any other representatives from the municipality? PLEASE TICK ONE BOX ONLY
☐ Yes ☐ No ☐ Don't know

18. In the past year, have you telephoned any municipal office to express your views on any municipal related matter or service? PLEASE TICK ONE BOX ONLY

- ☐ Yes ☐ No ☐ Don't know

19. In the past year, have you signed any petition pertaining to the municipality? PLEASE TICK ONE BOX ONLY

- ☐ Yes ☐ No ☐ Don't know

20. In the past year, have you participated in any survey (excluding this survey that you are currently completing), in any focus groups, or telephone interviews on municipal related matters? PLEASE TICK ONE BOX ONLY

- ☐ Yes ☐ No ☐ Don't know

21. Have you interacted in any way, not mentioned in any of the above questions, with the municipality to express your views on any municipal related matters or service? PLEASE TICK ONE BOX ONLY

- ☐ Yes ☐ No

22. In the last year, do you agree that the municipality has made adequate provisions for you to express your views on the municipal services and issues that affect you? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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23. Are you satisfied with the opportunities for participation in local decision making provided by your municipality? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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24. Generally speaking, would you like to be more involved in the decisions your municipality make(s) that affect your local area? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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25. To what extent do you agree with the following statements?

a. eThekweni Municipality is working to make our area a better place to live. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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b. eThekweni Municipality has upgraded the civic centres and community halls in our area. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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c. eThekweni Municipality is progressive. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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d. eThekweni Municipality is an engaging organisation. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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e. eThekweni Municipality listens to the concerns of local residents. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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26. eThekweni Municipality keeps its promises. PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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27. Compared to a year ago, is the municipality doing a better job? PLEASE TICK ONE BOX ONLY

Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
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28. It may be necessary to re-contact some of the people who have completed this survey, in order to probe further your responses. Your details will not be placed on any mailing list and you will only be contacted in relation to this questionnaire. Would you be willing to help us further if need be?
PLEASE TICK ONE BOX ONLY

☐ Yes

☐ No

If yes, please provide your contact information and address in the space below:

Thank you for completing this survey.

Appendix 4: Ethical Clearance Approval



RESEARCH OFFICE (GOVAN MBEKI CENTRE)
WESTVILLE CAMPUS
TELEPHONE NO.: 031 – 2603587
EMAIL : ximbap@ukzn.ac.za

7 NOVEMBER 2007

MRS. S CHETTY (203514857)
GRADUATE SCHOOL OF BUSINESS

Dear Mrs. Chetty

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0630/07M

I wish to confirm that ethical clearance has been granted for the following project:

"Customer relations management within the local government environment: A case study of eThekweni Municipality"

PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Yours faithfully


MS. PHUMELELE XIMBA
RESEARCH OFFICE