# Big Five Personality and Perceived Customer Relationship Management

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**Abstract**

The study intended to find the relationship between Big Fivepersonality dimensions i.e. (Conscientiousness, Neuroticism ,Extraversion, Agreeableness, Openness to experience) and Customer Relationship Management(CRM) that how a customers' personality traits influence perception of customer relationship management. The sample of 106 customers was taken in cross sectional design. Results indicated that all personality traits (Agreeableness, Conscientiousness, Extraversion, openness to experience and neuroticism) are significantly related to customer relationalship management.

**Keywords:** Personality, Extraversion, Agreeableness, Neuroticism Conscientiousness, Openness to Experience, Perceived Customer Relationship Management.

## Introduction

It is accepted generally that customer relationship management over the past years has been and is still a topic of high interest for both academics researchers and market managers. Customer Relationship Management (CRM) is extensively accepted as an effective tool to collect, analyzes, and translates precious customer information into managerial action. CRM is based on the principle that developing a relationship with customers makes them loyal. CRM is a strategic concept which makes customer

satisfaction, loyalty, customer retention and profitability. Customer relationship includes services satisfaction initiatives, services loyalty programs customer retention program enhanced customer life time profitability.

In today's business arena customers are prime asset for an organization and managing the customer relation is equally critical for the organizations. The overall success of the organization is dependent upon customer satisfaction and customer satisfaction can not be achieved without managing the customer relations.

The customer satisfaction model depends upon analysis of customer needs, expectations and interaction with the organization and its services. Customer satisfaction model is primarily related with customer relationship management in order to have the feedback about the perception of a customer about the organization and its perceived performance and meeting the expectations.

Personality is another important area of study in the organization literature. Personality has been studied by various authors in various settings. Personality itself is defined differently however Big Five model of personality is widely accepted measure for the identification of personality of individuals. The impact of personality dimensions of Big Fiveare analyzed here with perceived customer relationship management.

## Literature Review

Customer Relationship Management (CRM) is widely accepted as an effective approach to collect, analyse, and translate valuable customer information into managerial action. Jackson (1985) suggests CRM to mean "marketing oriented toward strong, lasting relationships with individual accounts." Payne (2000) asserts that CRM is concerned with "the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value." CRM is a concept which incorporates the outcomes of satisfaction, loyalty, customer retention and profitability while relying on technology to harness market relevant data and guide decision making.

Kotler and Armstrong (2004) define CRM as "the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction". CRM is a managerial term which focus on efforts to attracting, maintaining, and enhancing customer relationships. CRM is more dedicated to building relationships with key customers (Tuominen et al., 2004). Although defined in a multitude of ways, essentially customer relationship management (CRM) is based on the belief that developing a relationship with customers is the best way to get them to become loyal and that loyal customers are more profitable than non-loyal customers (Dowling, 2002).One of the main element of CRM is individual customer focus (Sin, tse & Yim, 2005).

According to Dick Lee (2000), CRM is perceived as "chain reaction" which is source by new strategic proposal of communication with customer when high level of information technologies development and stable customers need to get enhanced quality of service are achieved. Different author purposed different models of customer relationship management. Wilson (1995) states that CRM formation process consists of three important parts: setting of CRM goal, choice of a team, creation of programs.

Parvatiyar and Sheth (2001) demonstrate that CRM model included four processes. Oligvy and One (2001) purposed the model which states that CRM is to analysis, evaluation of a current situation preparation of a project, technologies, employees and an enterprise, processes, management of customers, effectiveness measurement, and experience of customers. Winer (2001) states that CRM process in respect of marketing is divided into the following elements: Creation of customers data base, Analysis of data base, Analysis and decisions for choosing customers, Choice of customers, Making of contacts of selected customers, Result, Measuring of CRM program success.

Institute of Direct Marketing (2002) purposed that CRM implementation elements are Investment: To invest subject to customer's value, Intercourse: To improve customers relationship of

all types, Reputation: To be ethical and trustworthy partner, Suitability: To appropriately serve each customer of the community, Value: Create long-term value of a service or an item, and later tactical value, Contacts: To manage relationship at all possible contacts, Imagination: To understand and to form customer's imagination, Cognition: Evaluate and to know a customer, Technology: To perfectly apply technology, Intermediation: To cater for a customer, employee or enterprise. According to (Lindgreen, 2004) CRM model involves the following main elements: evaluation of a situation, analysis, strategy formulation and implementation.

Chen and Popovich (2003) states that CRM implementation model consists of technologies, processes and people. Future Lab Business consulting (2003) present a Hexagonal star model: It consists of strategy, processes, structure, employees, technologies, activity and management. (Curry & Kkolou, 2004) suggest different CRM stages are: strategy, implementation, system of measurements, plans of an enterprise, technologies. (Jason, 2004) gives three factors of CRM strategy: Modeling of current and potential activity segments; Creation of discounts and actions for the most valuable buyers in order to pay attention and offer discounts; Reform of enterprise's technology activity in order to implement closer cooperation of a firm and its customers.

PHS Management Training Associates Ltd subdivision (2007) purposed that CRM model consists of the following four components: Identification of customers, Ways of contact making, Internal information and External information. (Atos, 2007) argues that CRM cycle process consists of: Planning process (strategies, visions, and setting of goals). According to (Jason, 2004) each customer is a sole personality, thus it is necessary to analyze his or her needs and features, it is important that we should have enough information about the customer. In order to successfully implement CRM, it is necessary to balance and integrate technologies, processes and people.

Lawrie (1974) discusses three use of the term personality. According to him one use of the term qualify that those characteristics on account of which an entity is a person at all, according to this use all persons have personality. Differently the term personality is used by (Peters, 1962) as "the mask or appearance which a man presents to others". The third use of the term personality is applied in signification of the elements of uniqueness discussed by (Bernard Mayo, 1952) that personality is a special case of particularity or individuality. Personality has its impact on certain aspects of organizational phenomenon (George, 1992).

Extreme situationist perspective denies the impact of personality elements and extreme dispositional perspective credits too much to individual and ignores situational influences (George, 1992). Self confidence is an important aspect in personality which refers to people's evaluation of self (Shrauger & Schohn, 1995). Widely used and commonly accepted measure for personality traits is termed as five factor model of Big FivePersonality can be defined as "an individuals characteristic pattern of thought, emotion, and behavior, together with the psychological mechanism-hidden or not-behind those patterns" (Funder, 1997). Behavior pattern of an individual, established over time. An individual's personality is a combination of lifetime experiences as well as genetic characteristics. Personality is an indelible characteristic and results in a pattern of predictable behavior (Business Dictionary).

Personality can be discussed as it is a configuration of cognitions, emotions, and habits which are activated when situation stimulate their expressions (Harry, 2001). Understanding of personality traits play a vital role and help management in shaping long term strong and profitable relationship with customers. Big Fivehas brought marvelous changes in personality psychology. Big Fiveare broad personality traits. Factors of Big Fiveare extraversion, agreeableness, Conscientiousness, neuroticism, apposite of it is emotional adjustment and openness to experience (Judge & Bono, 2000).

Extraversion is the indication of the tendency of out going, highly social, assertive, active, and excitement seeking. Extraverts always have high desire for recognition, position, control and power (Casta & McCrae, 1988).In organizational context the extravert always have desire for high pay and status (Cattell, 1981). The persons who are extraverts prefer interpersonal relations (Mooradian &

Swan, 2006). On the basis limited literature in relation with customer relationship management we assume that:

**Hypothesis 1:** Extraversion personality customers will be positively related to perceived customer relationship management.

Agreeableness consists of tendencies of kind, gentle, trusting, trustworthy, friendliness, modesty and warmness. Individuals tend to be involved in their work when they view work as means for the maintenance and enrichment of their feeling of personal value and esteem (Jans, 1982; Rabinowitz and Hall, 1977). Due to of their kind, gentle, modesty and good nature individuals high on agreeableness must prefer relationships with others over work and career success (Judge et al., 1999). On the basis of this limited literature we assume that:

**Hypothesis 2:** Agreeable personality customer will be positively related perceived customer relationship management.

Conscientiousness reflects the tendencies of achievement, hardworking, responsibility and dependability. They tend to be more risk averse and form long term relationships. Conscientious peoples always prefer an environment where they have better opportunities for accomplishment and success (Raja et al, 2004). Literature suggest that conscientiousness is strongly and consistent correlate to job performance and job satisfaction . (Barrick and Mount, 1991; Mount and Barrick, 1995; Salgado, 1997). Conscientious peoples are risk averse so they will seek information regarding their exchange relationship they do not face any horrible surprise so on the basis of this literature we assume that conscientious peoples always make relations with other and they may prefer customer relationship management, we therefore propose:
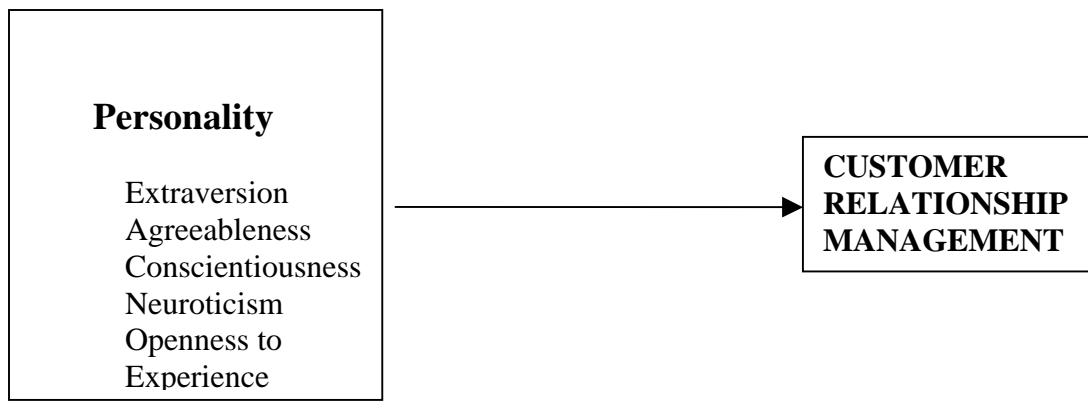
**Hypothesis 3:** Conscientious personality customer will be positively related to perceived customer relationship management.

Neuroticism shows the tendencies of anxiousness fearfulness, depressed and poor emotional adjustments. Neurotic peoples have no socialistic approach and stay away from situations which demands taking control (Judge, Locke, & Durham, 1997). Literature show a negative correlation between neurotics and consequences like job complexity (Judge, Bono & Locke, 2000), job performance (Barrick & Mount, 1991), and with job satisfaction (Heller, & Mount, 2002), The tendencies of anxiousness fearfulness, depressed and poor emotional adjustment suggest that the these type of peoples will not involve in relationship that necessitates long term commitment, social skills and demands trust. So low trust and sort term relations of neurotics suggest that these kinds of people may perceive customer relationship management negatively, we postulate the hypothesis that:

**Hypothesis 4:** Neurotic personality customers will be negatively related to perceived customer relationship management.

Openness to experience represents the tendency to be creative, imaginative, perceptive and thoughtful. (Judge et al 2000), high opened people show intellectual curiosity, creativity, flexible thinking, and culture (Dingman, 1990). The attributes of openness are related to fantasy, aesthetics, feelings, actions, ideas and values (Matzler et al, 2006). Individuals highly on openness are snooping concerning both inner and outer worlds, and they are willing to think about new ideas, unconventional values, and experience both positive and negative emotions more intensely than do closed individuals (Costa and McCrae, 1992). The higher propensity of openness individuals to be snooping about both inner and outer worlds, have better-off life, to experience negative and positive emotions more intensely than closed individuals, on the basis of these things we assumed that they may positively perceive customer relationship management .therefore we postulate hypothesis that:

**Hypothesis 5:** Openness to experience customer will be positively perceived customer relationship management.

| **Personality** | → | **CUSTOMER RELATIONSHIP MANAGEMENT** |

**Personality**

Extraversion
Agreeableness
Conscientiousness
Neuroticism
Openness to
Experience

Model

## Methods
### Sample and Procedure

The sample is consists of customers of Daewoo. Data is collected from customers setting in the Daewoo terminal waiting for their journey to start at three terminals of Daewoo located in three different cities (Lahore, Faisalabad and Islamabad) of Pakistan. Our sample size was 106. We distribute 275 questionnaires by the ratio of 100, 100 and 75 at Islamabad, Lahore and Faisalabad terminals respectively. 142 questionnaires received back, review and sorting out the completed questionnaire's further reduced the acceptable questionnaires to 106.

### Measures

Personality was measured using Big FiveInventory by John, O. P., Donahue, E. M., & Kentle, R. L.(1991) forty four items scale. Responses were given on a five-point scale from 1 = "strongly disagree" to 5 = "strongly agree". A sample item for Neuroticism is "Is depressed, blue" for extraversion is "Generates a lot of enthusiasm" for conscientiousness "Is a reliable worker" for agreeableness "Is helpful and unselfish with others" and for openness to experience "Is original, comes up with new ideas" Alpha reliabilities were .66 for neuroticism, .67 for extraversion, .69 for conscientiousness, .7 for agreeableness, .69 for openness to experience.

Perceived Customer Relationship Management was measured using scale developed by Leo Y.M. Sin, Alan C.B. Tse and Frederick H.K. Yim (2004). Scale was consisted of 18 items however six items were deleted due to irrelevance of these questions with research study model. Responses were given on a six-point scale from 1 = "strongly disagree" to 6 = "strongly agree". Alpha reliability of twelve items scale is .857.

## Results

There is correlation between perceived customer relationship management (dependent variable), and extraversion (r=.522),and Agreeableness is positively correlated with perceived customer relationship management (r= .331), neuroticism is negatively correlated with Perceived customer relationship management (r= -.25)and openness to experience is correlated with Perceived customer relationship management (r=.530) and finally conscientiousness is correlated with perceived customer relationship management (r= .536).

A Pearson's correlation coefficient was used to see the association between "Personality dimensions (Extraversion, Openness to Experience, Neuroticism, Agreeableness, and conscientiousness) and Perceived Customer Relationship Management. To assess the overall association between these variables, two-tailed non-parametric statistic, Pearson's correlation

coefficient of association, was computed for analyzing association between dependent and independent variables.

Pearson correlation assumes that these variables are measured on at least interval scales and it determines the extent to which values of the three variables are "proportional" to each other. These variables are said to be correlated if they tend to simultaneously vary in same direction.

| Correlations | | Agreeable ness | Conscienti ousness | Neuroticis m | Openness | Extraversi on | CRM |
|---|---|---|---|---|---|---|---|
| Agreea bleness | Pearson Correlation | 1 | .401[**] | -.215[*] | .353[**] | .320[**] | .331[**] |
| | Sig. (2-tailed) | | .000 | .027 | .000 | .001 | .001 |
| | N | 106 | 106 | 106 | 106 | 106 | 106 |
| Conscie ntiousn ess | Pearson Correlation | .401[**] | 1 | -.308[**] | .415[**] | .562[**] | .536[**] |
| | Sig. (2-tailed) | .000 | | .001 | .000 | .000 | .000 |
| | N | 106 | 106 | 106 | 106 | 106 | 106 |
| Neuroti cism | Pearson Correlation | -.215[*] | -.308[**] | 1 | -.156 | -.241[*] | -.250[**] |
| | Sig. (2-tailed) | .027 | .001 | | .111 | .013 | .010 |
| | N | 106 | 106 | 106 | 106 | 106 | 106 |
| Openne ss | Pearson Correlation | .353[**] | .415[**] | -.156 | 1 | .646[**] | .530[**] |
| | Sig. (2-tailed) | .000 | .000 | .111 | | .000 | .000 |
| | N | 106 | 106 | 106 | 106 | 106 | 106 |
| Extrave rsion | Pearson Correlation | .320[**] | .562[**] | -.241[*] | .646[**] | 1 | .522[**] |
| | Sig. (2-tailed) | .001 | .000 | .013 | .000 | | .000 |
| | N | 106 | 106 | 106 | 106 | 106 | 106 |
| CRM | Pearson Correlation | .331[**] | .536[**] | -.250[**] | .530[**] | .522[**] | 1 |
| | Sig. (2-tailed) | .001 | .000 | .010 | .000 | .000 | |
| | N | 106 | 106 | 106 | 106 | 106 | 106 |

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

## Ression Analysis

Regression analysis between Extraversion and Perceived CRM.

| Personality | CRM | | |
|---|---|---|---|
| | ß | R square | Sig |
| **Extraversion** | .522 | .273 | .000 |
| **Agreeableness** | .331 | .109 | .001 |
| **Openness to Experience** | .530 | .281 | .000 |
| **Conscientiousness** | .536 | .287 | .000 |
| **Neuroticism** | -.250 | .063 | .010 |

The first step explains the relationship between extraversion and perceived customer relationship management.

Hypothesis 1 which predict that Extraverts will be positively related with Perceived Customer Relationship Management, to test this predictions we regressed extraverts with perceived customer relationship management (ß=.522)shows that extraversion was a significant predictor of perceived customer relationship management, supporting hypothesis 1.

Hypothesis 2 which predict that agreeableness will be positively related with Perceived Customer Relationship Management, to test this predictions we regressed agreeableness with perceived customer relationship management (ß=.331)shows that agreeableness was a significant predictor of perceived customer relationship management, supporting hypothesis

Hypothesis 3 which predict that neuroticism will be negatively related with Perceived Customer Relationship Management, to test this predictions we regressed neuroticism with perceived customer

relationship management (ß=-.25) illustrate that neuroticism was a significant predictor of perceived customer relationship management, supporting hypothesis 3.

Hypothesis 4 which predict that openness to experience will be positively related with Perceived Customer Relationship Management, to test this predictions we regressed openness to experience with perceived customer relationship management (ß=.530)shows that openness to experience was a significant predictor of perceived customer relationship management, supporting hypothesis 4.

Hypothesis 5 which predict that conscientiousness will be positively related with Perceived Customer Relationship Management, to test this predictions we regressed conscientiousness with perceived customer relationship management (ß=.331)shows that conscientiousness was a significant predictor of perceived customer relationship management, supporting hypothesis 5.


## Discussion and Conclusion

The result of the given study shows that there is an important and significant relationship exists between the perceived customer relationship management and personality of the individual customers. According to Big Five dimensions of personality extraversion, agreeableness, openness to experience, neuroticism and conscientiousness have strong relationship with perceived customer relationship management. The particular personality of customer is important for the organization to have strong relationship with customers.

In today's competitive environment when companies are in war of attracting and retaining the customers, spending millions of dollars to keep their customers satified and loyel. The increase in awarness level of customers has shifted the trend towards enhanced customer relationship management. CRM softwares are assisting managers to track all records about customers and help managers to use this valuable information for satisfaction of customers.

In this scenario the current study adds alot of value for scholars and practitioners, that they can track the personality data of each customer and then use different positioning techniques to change the perception of respective customer about company's relationship tactics. Findings of the study can also help marketers to design customized positiing and targeting strategies depending on the personality type of the customer.

Personality is the path, through which perception of customer is developed. When organization want to meet the expectations of customer these personality dimensions can be considered to have strong relationship. These dimensions give insight how customer perceived its customer relationship management and how it will become successful to attain organizational goals. Neuroticism have negative relationship with perceived customer relationship management it means organization have to give more attention to such particular personality dimension individual so that this portion of customer also be satisfied by the efforts of CRM.

This study also provide insight for scholars in the field of customer relationship management that they can focus on other personality attributes and cognitions of customers, which are directly linked to customers satisfaction, brand equity.

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