

THE ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN INDIA

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ABSTRACT

For both large and small companies, customer relationship management (CRM) is becoming an increasingly essential approach to company operations. SME's (small and medium-sized enterprises) in particular must include customer relationship management (CRM) methods into their operations in order to strategize on building high-performance and value-added technical and creative capabilities, as well as competitive advantages over rivals. With a particular focus on whether or not CRM methods have an impact on organisational performance, the aim of this research is to examine the factors that lead Indian SMEs to adopt CRM techniques. The purpose of this research was to create a conceptual model for SMEs businesses in order to emphasise essential importance of customer relationship management in these organisations. Using the model, it is possible to create a plethora of experimentally tested hypotheses that are relevant to creation of a survey instrument for this study.

INTRODUCTION

The purpose of this article is to offer a conceptual framework for how small and medium-sized enterprises (SMEs) in India implement customer relationship management (CRM) methods, with a focus on the impact on organisational performance. CRM tactics are critical in ensuring that customers get more value, that customers remain loyal, and that consumers have a good experience with your company. An information technology-enabled management approach that enables businesses to gather, analyse, and manage customer-related data through the use of information

technology tools and methods in order to meet customer requirements and develop a long-term, mutually beneficial relationship is known as customer relationship management (CRM). Customers-focused businesses with customer-centric business processes are the ultimate goal of CRM implementation in SMEs. A thorough examination of the literature was carried out in this case.

Background of the study

Nowadays, customer relationship management (CRM) is widely accepted inside major corporations' marketing and sales business divisions. Businesses across the world are trying to distinguish themselves from their competitors by offering better consumer value in an increasingly competitive global marketplace. As a technique for increasing the lifetime value of customers, customer relationship management (CRM) may help companies thrive in the era of e-commerce. According to Ata and Toker (2012), businesses who have adopted customer relationship management (CRM) as a corporate strategy are expected to grow more quickly than their counterparts in the same industry who have not. Small and medium-sized businesses (SMEs) account for the vast bulk of industrial and commercial infrastructure in the world's most developed economies (Deros et al., 2006). It is predicted that emerging nations such as India would struggle to compete in the global trade system, which will be dominated by the strongest economies, according to Samsudin and colleagues (2011). Thus, in order to stay competitive and relevant in today's economic climate, small and medium-sized enterprises (SMEs) must identify, prioritise, and alleviate their business issues.

METHODOLOGY

The research team performed a comprehensive review of the literature in order to achieve the objective of conceptualising the customer relationship management issue. Six databases from across the globe were selected as the main source of information for publications on customer relationship management. In order to find keywords, researchers examined the six major online databases: Emerald, Science Direct, EBSCO, Sage Journal, Springer Link, and Wiley. Specifically, these databases were chosen because they offer extensive literary coverage on a wide range of subjects related to marketing and commerce. Seventy articles, both empirical and non-empirical in nature, were selected for presentation. As a consequence, the suggested concept was born.

Influencing elements of customer relationship management

The variables that lead to the development of customer relationship management practises in companies have been investigated from a number of theoretical viewpoints and have attracted a great deal of interest in the literature. It has been proposed that the resource-based view (RBV) (Halawiet al., 2005; Keramati et al., 2010) and relationship marketing theory (RMT) be utilised to understand the components of CRM operations (Berry, 1995). A comprehensive view on the usage of CRM is provided by the RBV, which seeks to link improved company performance to the many resources that contribute to a competitive edge (Coltman, 2007). Customer relationship management resources are divided into three categories in this study: technical CRM resources, knowledge management resources, and customer-focused resources. RMT achieves the goal of boosting both the consumer and the supplier by taking an adversarial, stimulus-response viewpoint on marketing feedback received from the customer (Rese, 2006). The adoption of a more balanced and comprehensive perspective of marketing opens the door to new lines of research that would be difficult to recognise and justify in any other context, with consequences for management and policy.

Customer relationship management

CRM, as defined by Sin et al. (2005), is an all-encompassing strategy and process that enables a business to find, acquire, retain, and nurture profitable customers throughout the customer lifecycle. Relationship marketing theory argues that CRM is a key organisational process that focuses on developing, maintaining, and enhancing long-term connections with customers. CRM is one of the most important organisational processes (Srivastava et al., 1999). CRM's comprehensive approach is designed to maximise connections with all customers. Beyond technological advances, customer relationship management (CRM) includes the activities of acquisition and recovery management throughout the initial stage, maintenance phase, and termination phase with the aim of maximisation of the value of a customer relationship portfolio (Chen & Popovich, 2003; Dutu & Halmajan, 2011). Moreover, customer relationship management (CRM) includes all aspects of client identification, information generation, relationship building, and influencing customers' perceptions of the business and its products (Srivastava et al., 1999). Additional motivating factors for CRM include efficiency, competitive advantage, customer service, inventory management and accessibility (2010). As a result, customer relationship management (CRM) involves both individual and collective activities by members of an organisation, particularly those who deal with

customers and provide support, as well as management, whose perceptions of the company and its products are shaped by their interactions with customers (Srivastava et al., 1999). CRM is, without a doubt, more than a piece of technology; it is a whole new way of going about doing business. According to Reynolds (2002), a comprehensive definition of customer relationship management (CRM) could be defined as the business strategy, processes, culture, and technology that enable a company to maximise revenue and add value by understanding and meeting the specific requirements of each client.

CRM Antecedents

Key customer focus

Development of linkages between customer needs (Donaldson and O' Toole, 2002; Sousa, 2003) and customer satisfaction is a key consumer focus (Donaldson & O' Toole, 2002; Sousa, 2003). (Gebert et al., 2002; Sousa, 2003). Client needs are well understood, which increases customer loyalty and encourages repeat business, both of which are key competitive goals under CRM (Sousa, 2003). Customers' expectations are taken into consideration when designing products or services, according to previous research (Das, 2004; Sheth, 2000; Vandermerwe, 2004). Customers' expectations are taken into consideration when designing products or services, according to previous research (Parvatiyar&Sheth, 2001), and are taken into consideration when designing services or products based on customer expectations (Dyche', 2002). (Sin et al., 2005). The adoption of a cross-functional approach to the delivery of value to customers is a key requirement for a business to be really customer-focused in its operations (Payne &Frow, 2006). Customers are more likely to remain loyal and spend more money with a company that uses customer relationship management (CRM). Sousa (2003) emphasises the significance of organisational strategy in customer-focused practises in the manufacturing sector, particularly in the context of lean manufacturing. Relationships with customers, customer involvement in new product development, data collection on customer requirements and dissemination of customer requirements data across the business, as well as reaction to that data, are all examples of customer-focused activities. According to Sin et al. (2005) and Akroush et al. (2011), significant customer focus aspects include customer-centric marketing, recognising key customers' lifetime values, and including consumers in the cocreation of the product or service. As an extra level of essential customer attention, Das et al. (2009) identified an additional dimension of customisation. Because of this, keycustomer focus is defined as a dedication to meeting the requirements, ensuring their

complete satisfaction, and retaining their loyalty in order to provide outstanding service. Based on the debate, the following proposal has been developed: 1. A main customer focus is associated with greater organisational performance, according to Proposition 1.

Knowledge management

Knowing what customers want and need and distributing that information across a firm is what knowledge management is all about in a corporation (Sin et al., 2005). In order to improve customer relationships, customer relationship management (CRM) practises rely on information about customers. CRM procedures may make it possible for companies to effectively connect with relevant consumers (Plakoyiannaki&Saren, 2006). On the one hand, knowledge is seen as a vital and highly valuable organisational asset for companies, while on the other, it is regarded as a liability. Each of the four components of knowledge management is comprised of a single capability: acquisition, transformation, application and preservation of information. Customer loyalty and satisfaction, on the other hand, are significantly influenced by knowledge management (Wang et al., 2010). Also following the trend, knowledge management systems are frequently characterised as technology that facilitates four knowledge management activities: knowledge creation, codification, transfer, and application (Nevo& Chan, 2007). Even though information and data management are critical components of knowledge management, the term encompasses a broader range of issues, the most significant of which is the development of processes and behaviours that enable people to transform information within an organisation and to create and share knowledge with others. The majority of knowledge management research done during this time period, as a consequence, was concentrated on specific technical solutions, such as information retrieval, representation, and dissemination (Gold et al., 2001; Schultz &Leidner,2002). As a result, knowledge management is defined in this study as a collection of values, resources, and assets that are utilised to help companies in the creation, codification, transfer, and use of knowledge. As a consequence, the following suggestion has been made: In addition, proposition 2 asserts that the management of an organization's knowledge is positively linked with the performance of that company.

Relationship marketing

In 1983, Leonard Berry introduced the concept of relationship marketing to the field of service marketing. Its goal is to allow and support customers' consumption and usage activities

throughout the relationship, during which value is created for consumers by customers and via interactions with the supplier or service provider (Seth & Parvatiyar, 1995). Business relationships have tactical implications, and relationship marketing is no exception (Gronroos, 1997). A technique for creating, sustaining, and growing mutual value between companies and their customers or other stakeholder groups, according to Armstrong and Kotler (2000), is relationship marketing, which is defined as follows: When it comes to relationship marketing, Landry (1998) defines it as an enterprise's long-term database system application for assessing a customer's profile and then building the connection via various communication channels in order to offer value and service. Apart from that, relationship marketing (RM) involves the creation of long-term interactive relationships, especially with customers, which is the main benefit for businesses that have adopted this concept (Webster, 1992). In his book Relationship Marketing, Gronroos (1991) emphasises the importance of building, maintaining, and improving relationships with customers and other business partners. Contact with customers and business partners is an essential component of the relationship marketing strategy and process. It is important to have an effective relationship marketing strategy since it helps with the building of relationships, the development of trust, and the provision of knowledge and expertise that are required for cooperative and collaborative activities. According to this study, relationship marketing is defined as frequent consumer interaction over a long period of time with the goal of imposing value and benefit on companies. As a consequence of the reasoning provided above, the following statement is made: Relationship marketing has a positive relationship with the performance of a company's operations.

Technological CRM resources

Companies must go beyond the conventional view of CRM as a collection of technical solutions if they are to be successful with the technology. CRM technology can be broken down into three categories, according to various studies (Chen and Popovich, 2003; Xu and Walton, 2005; Zablah et al., 2004), and can be divided into three types of operations: external operations with customers and the facilitation of two-way communication; internal operations that include the analysis of data, information, and knowledge; and third, knowledge dissemination throughout the organisation. CRM technologies are divided into three groups in this definition, which is based on the META group segmentation system: collaborative, operational, and analytical technologies. Customers may interact with companies via a variety of technological tools, including email, phone calls, faxes, and website pages, all of which are available to them through various consumer contact points (Payne & Frow, 2006). Furthermore, operational CRM technologies make use of the Intranet

and Extranet to link different applications and systems in order to make information and knowledge available at all points of interaction inside the organisation as well as between the organisation and its business partners (Xu & Walton, 2005). Because of this, it is essential to enhance the customer experience while also expanding the number of available channels for developing corporate client relationships (Hamid &Kassim, 2004).

Organizational performance

As CRM refers to the basic business strategy that integrates internal processes and activities with external networks in order to create and deliver value to targeted customers while increasing revenues in the process (Buttle, 2004). Aspects of organisational performance that are often classified include financial success measures, as well as nonfinancial success measurements, as well as tangible and intangible success indicators. Financial or tangible indicators, such as net profit, net sales, reduced costs, market share, customer share, and cash flow, may be used to assess an organization's performance (Payne &Frow, 2005). Non-monetary or intangible indicators like as customer satisfaction, loyalty, increased customer lifetime value, service and quality improvement, innovation, and competitiveness are all regarded to be important (Payne &Frow, 2005). It is used to quantify organisational performance in this research to look at customer satisfaction (Stefanou et al., 2003; Verhoef 2003), perceived performance (Li &Dant, 1997), customer retention (Kim et al., 2004), customer loyalty (Matear et al., 2002; Sanzo et al., 2003), and relationship performance (Stefanou et al., 2003). As a consequence of the relationship, the performance of the relationship is evaluated separately (Hausman, 2001).

Mediating variable: market orientation

In the words of Jaworski and Kumar (1993), market orientation (MO) is defined as the enterprise-wide generation of market intelligence about current and future customer needs, the horizontal and vertical dissemination of intelligence within the enterprise, and the enterprise-wide action or responsiveness to market intelligence. Market intelligence is defined as the information about current and future customer needs that is gathered by the enterprise. In addition, Kohli et al. (1993) developed a trustworthy measure that takes into consideration intelligence creation, distribution, and reaction to a situation. This notion is reaffirmed further by Kohli et al. (1990), who define organisational learning (MO) as an organization's ability to generate, disseminate, and use more accurate information about its customers and competitors.

CONCLUSION AND FUTURE DIRECTION

Companies of all sizes, particularly small and medium-sized businesses (SMEs), are always searching for strategies to maintain their competitiveness in today's highly competitive business environments and expanding global marketplaces. With this study, we will explore a conceptual model of the function of the antecedent in attaining successful implementations of customer relationship management methods in small and medium-sized enterprises (SMEs). Over the next section, it discusses the customer relationship management (CRM) model that has been proposed, as well as the most significant ones within a particular industry, which would assist the sector in better planning for CRM adoption among SMEs.

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