

WEST AFRICAN JOURNAL OF BUSINESS AND MANAGEMENT SCIENCES
FACULTY OF BUSINESS ADMINISTRATION
IMO STATE UNIVERSITY, OWERRI
NIGERIAN EDITION
VOL. 11 NO. 1 MARCH 2022

**CUSTOMER RELATIONSHIP MANAGEMENT AND ORGANIZATIONAL PERFORMANCE IN
NIGERIA (A CASE STUDY OF SELECTED SMEs in ABEIKUTA SOUTH OGUN STATE)**

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Abstract

The study investigated Customer Relationship Management (CRM) and organizational performance in the area of Abeokuta south local government Survey research design was employed for the study. 114 respondents from selected SMEs for the study and were gathered through the use of structured questionnaire. Their responses were tested using appropriate statistical tools like the SPSS package using the ANOVA and the correlation and regression label; our study revealed that the Customer Relationship Management (CRM) has affected the growth of SME positively which has allowed youth to be self-employed and created economic growth and development. Therefore, the study recommended that solving the growth of SME development can be single handedly done by the use of Customer Relationship Management (CRM). Hypothesis one shows that The value of R-square of 22.66% shows the variance of innovation and quality that was explained by customer knowledge of the organization's products. The second hypothesis of this study states that "customer knowledge does not have effect on innovation and quality". Since the t-calculated of 5.84 is greater than the t-critical value of 1.96, the null hypothesis is rejected, while the alternative hypothesis which state that "customer knowledge has effect on innovation and quality" is validated. Hypothesis two it shows that . The correlation value is low but positive with the value of 0.287 (28.7%), it is then important to point out that the existence of statistically significant positive correlation between customer retention and customer relations. Based on the above conclusion, the following recommendations were put forward by the researcher; Communication is a key concept in the improvement of customer relationship management and its capabilities; Government and especially small industries can improve the SMEs performance by consultation, conferences and programs related to CRM.

Background of the Study

CRM (customer relationship management) has been increasingly recognized as a business strategy to effectively understand, manage, and sustain customer relationship with advanced information and communication technologies. Rapid development of customer relationship management applications have seen the trend that more and more SMEs (small and medium-sized enterprises) are seeking to implement SMEs relevance to country specific economic growth has been strongly established with government driving SMEs growth through financing Oni et al (2012)

CRM in order to survive and compete in the world. In this study, the factors influencing the implementation of customer relationship management at small and medium-sized science and technology park of Iran were analysed.

Top CRM system vendors in are SAP, Siebel Systems (Oracle), and Microsoft dynamics. CRM is believed to have the potential to improve the performance and value of SMEs, but not many SMEs adopt CRM system due to various reasons such as lack of knowledge about CRM, lack of resources to acquire the CRM system, lack of skills and expertise to implement it and so on. Therefore, the objective of this research is to study the reasons SMEs do not implement CRM system, the benefits CRM system can bring to SMEs and the various methods CRM system can be implemented in SMEs.

This paper will study and review existing related works about the above-mentioned aspects especially implementing CRM system in SMEs so that the CRM system implementation success rate among SMEs can increase.

Statement of Research Problem

Small and Medium Enterprises contribute in no small measure to the growth and development of a country and is also seen as a tool for entrepreneurial development which in turn impacts the GDP of such country. SME's survival depends solely on its customer. Enhancing customer experience is always a challenge. In order to enhance business performance, SMEs have to expand their customer base. Growth happens only when customer relationships with the organization are robust and satisfied. And customer satisfaction can only be increased with effectiveness CRM in an organization.

Customer Relationship Management strategy is not the universal remedy it was hoped to be, and their implementations in some organizations have not wholly delivered on the vision. On the introduction of the strategy to SMEs by implementing CRM, the expectations were high. This included efficiency and effectiveness, faster resolution of customer complains within 7 days, updated customer database, accuracy in the billing cycle and others. Achievement of these expectations then could have led less estimated bills, centralization database, and proper procedures of performing the various processes.

Organizations are continually looking for innovative ways to acquire, increase and retain business because the cost of losing customers is rising. Organizations which can attract, satisfy, and retain customers are more likely to survive than organizations which do not do this. Retained customers represent an opportunity to increase profitability as well as loyalty. The importance of retaining customers is that there is strong evidence that customer relations and customer retention are directly related. It seems that the longer the customer stays with a seller/producer, the higher the likelihood that they will place a greater amount of business with them, even to the extent of single sourcing. Customer relation is a way business communicates and interacts with public to gain and retain customers.

Customer relation will bring about goodwill and larger market share for a business that practice it. The rate at which an organization relates with its customer will be bring about customer loyalty and retention which in turn will leads to increased profit for such organization. However, the extent of practice of Customer Relationship Management in small and medium enterprises in Abeokuta is yet to be ascertained, while managers with the task of determining if

customer relationship management leads to improved performance of small and medium enterprises in Abeokuta at all. Another problem is ascertaining if customer relationship management impacts small and medium enterprises competitiveness in the market place. It is these gaps in literature that this study sets out to fill.

Literature Review

The Concept of Customer Relationship Management

The measure of success is the growth of the share of the customer's business and its profitability (Parvatiyar and Sheth, 2002). Relationship marketing has a positive influence on the four aspects of organizational performance in services namely financial, customer, internal process, and learning and growth. Relationship marketing is concerned with building relationship at each and every possible point of interaction between firms and the customers. Overall relationship marketing focuses on identifying factors affecting customer relationship with firms and works towards those factors in order to retain clients Customer Relationship Management is the business strategy focused on the customer that increases the loyalty and satisfaction of customer by presenting him the personalized services and some know it as a managerial approach which includes identifying, attracting, developing and maintaining the successful relationship with customer in order to increase profitability.

This is concerned with building relationship at each and every possible point of interaction between firms and the customers. Relationship marketing is concerned with building relationship at each and every possible point of interaction between firms and the customers. Overall relationship marketing focuses on identifying factors affecting customer relationship with firms and works towards those factors in order to retain clients

Customer Knowledge

Customer knowledge is the combination of experience value and insight information which is needed created and absorbed during the transaction and exchange between the customers and enterprise. Customer knowledge as organized and structured information about the customer as a result of systematic processing. Customer knowledge refers to understanding your consumers, their needs, wants and aims.

Customer knowledge is widely accepted as a dynamic combination of experience, values, contextual information, and expert insight which are needed, created and observed during the transaction and exchange between customers and the organization and that provides a framework for evaluating and incorporating new experiences and information.

Customer Retention

Blattberg et al. (2001) state that customer retention is taking place when a customer keeps on buying the same market offering over a long period of time. For products with short purchase cycles, they define customer retention as occurring when 'the customer continues to purchase the product or service over a specified period'. For products with long purchase cycles, they define customer retention as taking place when the customer indicates the intention to purchase the product or service at the next purchase occasion.

To measure customer retention, therefore, a number of factors need to be taken into account. These includes: the customer retention rate by market segment in terms of the different services or products offered, and share earned of the customer's wallet (Payne, 2000)

Customer retention has become the main agenda for the firms who emphasize on maintaining a productive relationship with customers, besides functioning as a key instrument to generate financial gains (Kumar et al., 2007). Past literatures indicate that customer's price insensitivity is the key stimulus for satisfying firm's customers. These customers normally shop all year round even after discount periods at their preferred shops and find it worthwhile to do so due to the value for money component subsequently, customers who stay with a firm for a longer tenure are considered as retained customers

CRM Organization

First and foremost, to enhance service employees to conduct customer oriented behaviours, organizations have to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems. As a result of the previous supportive working conditions, organizations can ensure the required customer –oriented behaviours of their employees.

CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer -oriented approach, unless the project is completely integrated by them. Further, as a confirmation for this point stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself.

Small and Medium Enterprises

SMEs are those enterprises that has a total capital employed not below one million five hundred thousand but not exceeding two hundred million including working capital but excluding cost of land, with an employee strength of not below ten and not above three hundred. SMEs can be described based on the following criteria: small scale enterprises are businesses with ten to forty-nine people with an annual turnover of five to forty-nine million Naira while a medium scale enterprises that have fifty to one hundred and ninety-nine employees with a year turnover of fifty to four hundred and ninety-nine million Naira. In Nigeria, SMEs cover economic activities within all sectors.

It is clear from the various definitions, showing that there is no single concept that constitutes SMEs the definitions vary across industries and the globe. SMEs are heterogeneous group, and SMEs owners may or may not be poor. Some are dynamic, growth-oriented, and innovative while others are not they preferred to remain small and also to continue as usual.

Theoretical Review

Information Technology Theory

Information Technology Theory enriched the body of knowledge and also leading to the development of information technology that best suites and satisfies customers. CRM is an IT enabled business strategy, the outcomes of which optimize profitability, revenue and customer satisfaction by organizing around customer segments fostering customer-satisfying behavior and implementing customer centric process (Buttle, 2009).

CRM is an integration of technology and business processes used to satisfy the needs of a customer during any interaction. More specifically, CRM involves acquisition analysis and knowledge about customers in order to sell more goods and services and to do it more efficiently.

Almotairi (2009), referred to CRM as a key competitive strategy that is needed to focus on customers' needs and to integrate an organizational customer-facing approach. For an organization to integrate IT, concepts such as data warehouse, software customization, CRM success process automation, help desk and call centres, and internet influence should be addressed.

Research Method

This study adopted quantitative data analysis for this study; the survey research design was employed. The scope of the study covers Abeokuta south local government area, Ogun State, Nigeria. The respondents who are owners of businesses in the areas were purposively randomly selected in order to accomplish the objective of the study. Primary method of data collection was used for this study through a field survey of businesses with the aid of purposive well-structured questionnaires.

The questionnaires instrument was designed using five (5) likert's scale, as well as through an in-depth personal interview guided by the questions raised in the questionnaire which proved to be most effective due to the fact that most respondents could not fill in their responses or due to time constraints. A sample of 114 respondents was identified from a population of 114 small and medium businesses within the study area using random sampling method based on reports of the number of small and medium businesses in the study area and approximately 100% of the administered questionnaires were retrieved.

Each of the dependent and independent variables of the research construct were measured by four (4) items each validated by different authors found in extant literature. Pre-test was also constructed through a pilot study which was carried out for the research instrument's validity. Split half method of reliability test results on the split halves 0.734 and 0.864 respectively show that research instrument is reliable (Garson, 2009).

Hypotheses Testing

Hypothesis one:

Ho₁: There is no significant relationship between customer knowledge and innovation and quality among SME's in Nigeria.

Regression analysis of customer knowledge on innovation and quality

Variable	Coef.	Std. Err.	T	p> t	[95% conf.	Interval
Customer knowledge	1.759425	.3012961	5.84**	0.000	1.162446	2.356405
_cons	5.624476	.5515347	10.20	0.000	4.531681	6.717272

Number of observation 114
 F (1, 112) 34.10
 Prob> F 0.000
 R-squared 0.2334
 Adjusted R-squared 0.2266
 Significant at 1%

Interpretation

The value of R-square of 22.66% shows the variance of innovation and quality that was explained by customer knowledge of the organization’s products. The second hypothesis of this study states that “customer knowledge does not have effect on innovation and quality”. Since the t-calculated of 5.84 is greater than the t-critical value of 1.96, the null hypothesis is rejected, while the alternative hypothesis which state that “customer knowledge has effect on innovation and quality” is validated. The predictor of innovation and quality is customer knowledge.

Customer knowledge (5.84) is positively correlated to innovation and quality. This implies that the greater the ability of the customers of an organization to have knowledge about products and services the greater the innovative and quality practices organization must venture into.

This is because if customers’ know the quality of products they need and organization don’t invest in research, development and innovation, they won’t be able to match products that suites such customer and this might lead to loss of such customer.

Hypothesis two

Ho₂: There is no relationship between customer retention and customer retentions among SME’s in Nigeria

		Customer retention	Customer relation
Customer retention	Pearson Correlation	1	.287**
	Sig. (2-tailed)		.002
	N	114	114
Customers relation	Pearson Correlation	.287**	1
	Sig. (2-tailed)	.002	
	N	114	114

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

Statistically significant relationship between customer retention and customer relations

Interpretation

Statistically significant positive correlation between customer retention and customer relations. The p-value of 0.002 is less than 0.01 (sig. level), hence, the null hypothesis that there is no significant relationship between customer retention and customer relations is rejected while the alternative hypothesis is accepted. The correlation value is low but positive with the value of 0.287 (28.7%), it is then important to point out that the existence of statistically significant positive correlation between customer retention and customer relations.

Conclusion

The aim of this study is to gain a better understanding of Customer Relationship Management (CRM) on Small and Medium Enterprises (SMEs) performance in Nigeria. The study applies a regression and correlation analysis approach and establishes empirical support for some assumptions made in the literatures. Given the importance of customers to any organization and the likely economic effect of customer dissatisfaction on a business, it

becomes pertinent to examine how organization can better use the study of customer relationship management customer satisfaction to manage and improve their product/service delivery to customers so as to enable small and medium enterprises to survive in these competitive and changing business environment. The following conclusions were drawn from this research work: By the analysis it can be concluded that customer relationship management as a concept has really opened the eyes of organizations that not only providing customers with goods/services is the key issue, but how they perceive the service rendered or product purchased, how it meets their specification and how they can better be served by an organization.

Conclusively, It is more rationale and economic to keep old customers instead of looking for new ones. This is because the expense of acquiring customers is incurred only at the beginning stages of the commercial relationship (Ehigie, 2006). In addition, old customers buy more and if satisfied create positive image for the company by word of mouth promotion .Furthermore, customer relationship management allows organizations to recognize and treat each and every customer as an individual. Organization therefore need to investigate customer needs, build relationships with both existing and potential customers and was have to satisfy their customer needs. Enterprises which are able to rapidly understand and satisfy customers' needs, make greater profit than those which fail to understand and satisfy them. What then differentiate a profitable organization from others is the ability to properly manage customer's needs, and provide services that suites such customers, price properly and communication to get the products to the marketplace, then wait for the feedback from customers and react positively on it.

Recommendations

Customer relationship management has direct-positive effect on the profitability of an organization. This is why it is necessary for any organization to satisfy the needs and ensure proper product delivery for customers. Effective and efficient management of customers brings about high customer loyalty; customer retention and high repurchase decision as well as referral.

It then becomes important for organization to provide customer with their needs so as to increase the chances of profitability of such an organization. Based on the findings and conclusion of the study, the following recommendations were put forward by the researcher. These include;

- Measures should be taken to identify the key customers of the enterprise; this will make it easy to recognize the customers need. Making every effort to make customers loyal due to recognizing their needs and satisfying them.
- It is recommended that staff need to be trained on how to create, build and maintain customer relationship on a long term and how beneficial it is for the enterprise and simultaneously the employees too are able to benefit from the positive outcomes of CRM.
- Entrepreneurs to establish a relationship with their customers and manage same as a resource for sustained entrepreneurial success and increase performance of the enterprise.

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