



**Factors influencing the Adoption and Implementation of Customer Relationship
Management Strategies by Small and Medium Enterprises in KwaZulu-Natal**

by

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DECLARATION

DECLARATION

I, Cletos Garatsa declare that this thesis "Factors Influencing the Adoption and Implementation of Customer Relationship Management Strategies by Small and Medium Enterprises in KwaZulu-Natal". The thesis is submitted in partial fulfilment of a PhD in Business Administration, Department of Entrepreneurial Studies is my original work, and it has not been submitted to any other institution for examination. All the sources that have been consulted have been cited.

_____ 02/02/2021

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Pro B.I Dlamini (Supervisor)

DEDICATION

This research study is dedicated to my late mother (Mai Tawanda) and my late sister Annie (Thatcher) who challenged me to pursue this academic journey. This is a dream come true for you guys. To that lady in the village who saw the dream in me at a tender age, once again I say dreams come true.

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ABSTRACT

Purpose

The aim of this study is to identify and investigate the factors that influence the adoption and implementation of CRM strategies by SMEs in the province of Kwa-Zulu Natal in South Africa.

Background

Small to medium enterprises (SMEs) play an important role in the development of economies both in the developed and developing countries. SMEs face many obstacles in their path to survival and much has been discussed in terms of helping the small enterprises to survive and grow to fulfil their economic potential and derive the benefits that come with it. However, there is limited literature when it comes to the use of CRM as a tool for survival. This study suggested that CRM can also be used to help SMEs to grow and thrive. It was within this scope that this study examined the factors that influence the adoption of CRM by SMEs in KZN. The goal was to move away from the misconception that CRM is a technology but gravitate towards treating CRM as a holistic strategy that should diffuse within the whole organisation. Technology is thus viewed as an enabler of the CRM strategy. Organisational, environmental, technological and information culture factors should all be integrated and help the firm to make a well-informed decision when it comes to adopting CRM strategies. CRM adoption and implementation are not without their problems, but the promises are too good to ignore; and, indeed, the future prosperity of SMEs may lie in CRM adoption and implementation.

Methodology

The research used a quantitative research approach to evaluate the major factors affecting KwaZulu Natal SMEs in the process of adopting and implementing CRM programs. A questionnaire that was divided into owner-specific and organisational profile demographics and CRM factors was used as the survey instrument to collect the data. The statistical package, SPSS version 25 was utilised to analyse the accumulated data. Logistic regression and t-tests were used to assess validity and reliability.

Findings

The study outcomes revealed that technological, environmental, organisational contexts and information culture factors play an important role in the adoption and implementation of CRM innovations by SMEs in KZN. The study identified education and technological factors like security and complexity as the major drivers of innovation adoption among the SMEs that were investigated. It must, however, be noted that successful adoption can only be realised when all the factors are combined.

Recommendations

The TOE can be used by managers and practitioners as a guideline for the adoption and implementation of CRM innovations. The outcomes of this study revealed that all the interrelations of the framework are very important when deciding to adopt and implement CRM projects. Adoption of CRM in an incremental manner is needed to allow integration between the innovation and the current needs and culture of the enterprise. Simple technology can be used in the adoption and effective implementation of CRM strategies.

Future Research

Future research can test the TOE framework on the wider KZN SME population including those not under incubation programmes. This study examined the whole SME sector. It would be interesting to examine one sector and also post adoption research studies can be undertaken. A study can also be commissioned to examine the success and failure of the adopted strategies.

Key words

Economic growth, customer relation management (CRM), customer loyalty, customer service, Small -medium enterprises (SME), Technology-organisation-environment (TOE),

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ACRONYMS AND ABBREVIATIONS

ANC	African National Congress
BBBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa
CFO	Chief Financial Officers
CRM	Customer Relationship Management
CSD	Central Database of Suppliers
CSE	Centre for Social Entrepreneurship
CSF	Critical Success Factors
DCCI	Durban Chamber of Commerce and Industry
DED	Department of Economic Development
DOI	Diffusion of Innovation
DTI	Department of Trade and Industry
DUT	Durban University of Technology
EU	European Union
GDP	Gross Domestic Product
GEM	Global Entrepreneurial Monitor
GePS	Government's E-Procurement System
ICRIIS	International Conference on Research and Innovation in Information Systems
ICT	Information and Communication Technology
ILO	International Labour Organisation
IT	Internet Technologies
KZN	Kwa-Zulu Natal
LED	Local Economic Development
MIS	Management Information Systems
MSME	Micro, Small and Medium Enterprises
NSB	National Small Business
PFMA	Public Finance Management Act
RBV	Resource-Based View
RDP	Reconstruction and Development Plan
SA	South Africa

SAMAF	South African Micro-Finance Apex Fund
SEDA	The Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SMB	Small and Medium Businesses
SME	Small and medium enterprises
SMME	Small, Medium and Micro Enterprise
SSE	Social and Solidarity Economy
TAM	Technology Acceptance Model
TC	Technology competence
TDWI	The Data Warehousing Institute
TMS	Top Management Support
TOE	Technology-Organisation-Environment
TRA	Theory of Reasoned Action
UAE	United Arab Emirates
UK	United Kingdom
UKZN	University of KwaZulu-Natal
UN	United Nations
UTAUT	Unified Theory of Acceptance and Use of Technology
WTO	World Trade Organisation

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 CONTEXT OF THE RESEARCH

Small and medium enterprises (SMEs) are an important component of any economy (Hassan, Mohamed Haniba and Ahmad 2019; Hasani, Bojei and Dehghantanha 2017; Awiagah, Kang and Lim 2016; Sudhakar 2015; Bahri-Ammari and Nusair 2015; Ramukumba 2014; Nguyen and Waring 2013) and even more paramount when it comes to their status in developing and emerging economies (Love and Roper 2013) especially in the African context (Ayandibu and Houghton 2017a; Cant and Wiid 2013). This is further supported by Fatoki (2014a) who argued that new SMEs play an important role in solving challenges of joblessness, unequal income distribution and stimulating sustainable economic.

Addressing delegates at the opening session of the National Small Business Policy Colloquium (Ministry of Small Business Development 2015) in Sandton, the Minister of Small Business Development highlighted that SMEs are vital for the for the development of the South African economy, contributing more that 45% to the Gross Domestic Product (GDP) and 50% of employment opportunities (Lekhanya 2015). Scholars differ as to the actual figures with regard to the SME contribution to the GDP, but what resonates through most of them is that their contribution is significant (Ayandibu and Houghton 2017a; Worku 2013). SMEs are considered to be so important such that failure viewed as failure to the whole economy (Worku 2013) which is why the government actively supports the growth and sustenance of SMEs (SEDA 2016).

Many eminent scholars have delved into a plethora of problems and challenges facing SMEs across the globe and in South Africa (SEDA 2016; Abu-Dalbouh 2013). A review of literature on SME development shows that lack of funding curtails SME establishment and development. Arguably, a number of obstacles have an impact on the development and sustainability of SMEs on the African continent, most notably limited access to markets, poor financial resources, lack of public sector support, a static business environment that is overregulated and severe infrastructural deficits (especially power outages) (Gonsalves and Rogerson 2019; Schmidt et al. 2016). Failure to attract and retain customers is one of the problems attributed to the failure

of SMEs. Does it mean that SMEs have not attempted to customer retention strategies? Attempts have been made in this sector to use Customer Relationship Management (CRM) to avert failure. The question therefore is whether CRM is a panacea or a Pandora's box.

CRM is not often considered a strategy for SMEs, but the truth is that owners have a close relationship with the customers which is a source competitive advantage for SMEs (Meyliana et al. 2017; Starzyczna, Pellešová and Stoklasa 2017). It reflects a new school of thought that takes place at the junction of CRM strategies and SMEs; that is, the scholars are trying to comprehend the boundaries of CRM. The critical question being asked is where does CRM kick in and where it ends. Garcia, Pacheco and Martinez (2012) reiterated that CRM in SMEs indicates that research is based, mainly to a large extent, on the knowledge gained from large corporates and, therefore, focuses on their characteristics. This will therefore move away from the common trajectory of cloning CRM strategies from large organisations on SMEs and lead to the development so SME specific CRM strategies. CRM strategies, which are meant to propagate consumer interaction during the design, production and delivery of goods and services may determine the success or failure of new enterprises (Hasani, Bojei and Dehghantanha 2017). There is a paucity of research considering the adoption and implementation of CRM strategies despite the considerable benefits that SMEs in KZN can derive from CRM adoption and implementation (Cruz-Jesus, Pinheiro and Oliveira 2019). SMEs in KZN have been struggling for a long time and many solutions have been proffered but to no avail. This research therefore proposes to use CRM as a solution to help SMEs to break out of the vicious cycle of extinction before their second birthday. The adoption of CRM strategies will therefore amplify the benefits that SMEs bring to the economy and the local communities (Galvão *et al.* 2018) as well as consolidating the government's policy initiative of using SMEs as a tool to eradicate poverty and underemployment (Maziriri and Chivandi 2020).

However Paraschou (2016) argued that CRM may provide numerous opportunities to SMEs as it does in large organisations. A deeper understanding of the factors that drive and influence the successful adoption and implementation of CRM strategies to enhance competitiveness within the sector is needed, thus this becomes the launch pad of this study. A limited number of studies has carried out on CRM in emerging

economies where SMEs are the majority and form the backbone of the economic (Achuama and Usoro 2010).

SMEs are different from large organisations especially their limited financial muscle which has a negative bearing on their information-seeking practices, and they do not encounter the same problems of integrating old and new technology in CRM programmes. Therefore, the adoption of CRM in SMEs should not be viewed as a shrunk version of bigger firms (Alshawi, Missi and Irani 2011). The research on CRM within the academic literature has mainly focused on installation factors such as Internet Technologies (IT) rather than factors that influence when, how, and why firms adopt CRM (Sudhakar 2015). The number of academic publications focused on the implementation process of a CRM system is also very small (Rahimi 2005). Therefore, it is essential for this research to move away from the focus on software to internal and external factors and other technological aspects within and across the organisation. To copiously comprehend the latent ability of SMEs, the SME sector needs to be tackled with a new perspective related to the challenges that SMEs are confronted with. Therefore, the emphasis needs to be taken away from the available collateral in the enterprise to the viability of the business and the capability of the businessperson.

This research therefore endeavours to recognise and authenticate the major factors that directly or indirectly interact with the adoption and implementation of CRM strategies by SMEs. By so doing, the study seeks to provide a thorough and broader grasp of CRM concept in SMEs, which will allow other researchers to relate their experiences to the output of this study and to give guidelines to CRM practitioners responsible for adoption and implementation of CRM applications. While seeking to recognise and authenticate the factors influencing CRM adoption and implementation in small enterprises, it is not in the interest of this study to examine the direct effects of adoption and implementation on SMEs. A critical analysis of how CRM can be successfully implemented by SMEs in KwaZulu-Natal (KZN) in their quest for growth and survival thus needs to be undertaken. The current research mainly investigated SMEs registered and funded by the Department of Small Business Development, supported by Durban University of Technology (DUT) at the Centre for Social Entrepreneurship (CSE).

1.2 RESEARCH PROBLEM

The role and challenges of SMEs have drawn considerable attention from governments across the world, economists, and the populace at large. The high degree of SME mortality in South Africa has terrible consequences for the economy (Muriithi 2017; van Scheers 2016). This high rate of failure of new SMEs does not portray a good image of the sector's ability to meaningfully contribute to growing the economy and poverty alleviation through sustainable job creation (Fatoki 2014a). Statistics show that SMEs have only a 37% chance of surviving the first four years of establishment and about a 9% chance of operating for 10 years (Ministry of Small Business Development 2015). Around 70 and 80% of small businesses close within the first year, while half of those that remain operational will not make it to the fifth birthday (Catanzaro, Messeghem and Sammut 2019; Storey 2016). Scholarly work also pointed out that 60% of SMEs are susceptible to failure in the first year of operation (Muriithi 2017; van Scheers 2016).

The success of SMEs would have gone a long way in helping to solve the unemployment problem; thus, the effect of their failure is felt. The high rate of unemployment and underemployment is a result of the economy's weak job-creating ability to create new job opportunities (Soni, Cowden and Karodia 2015). This therefore contributes to persistent inequality and abject poverty (Herrington and Kew 2016). Despite the documented high rate of failure, new SMEs are being registered and resources are being channelled into them. It therefore begs the question as to why such resources are still being allocated to this sector. Fatoki (2014b) however, noted that the establishment of new enterprises is vital for the sustainability of the SME sector.

Despite the key role CRM plays in the survival and sustainability of SMEs, there has been little effort to investigate the problems of adopting and implementing CRM strategies by SMEs to enhance survival and growth of SMEs. CRM is widely regarded as a lynchpin for growth and survival of enterprises (Athanasoulas and Chountalas 2019, 2017). The relevant stakeholders and policymakers lack an exhaustive understanding of how CRM can be utilised as a strategic instrument to enhance survival and growth of small firms in South Africa. This has resulted in misunderstandings and myths about CRM (Stone 2016) leading to the continuous

neglect of CRM as a solution for survival and growth. While there is a lot of interest in promoting CRM in big organisations, there is little evidence on what may be helpful or what are the barriers to adoption and implementation of any CRM strategies by SMES.

The research problem emanates from the fact that there has been considerable research on the problems affecting the growth and survival of SMEs, but little research has been done about the adoption and implementation of CRM strategies. This research will therefore help to understand the problems bedevilling SMEs in their quest to successfully adopt.

1.3 RESEARCH AIMS

The major aim of this research is to identify and evaluate factors that influence the adoption and implementation of customer relationship management strategies by SMEs in KwaZulu-Natal. SMEs are major players in the economic emancipation of the developed and developing countries. As such SMEs are faced with a lot of obstacles that threaten their existence. In this regard, many solutions have been proffered to help SMEs to thrive. This research therefore seeks to investigate how the adoption of CRM can create competitive advantage for the small businesses. The investigation of major drivers of CRM adoption among SMEs in KZN will thus be the crux of this research. As such the following objectives derive from the aim of this study.

1.4 STUDY OBJECTIVES

The following are the primary and secondary objectives of this study.

1.4.1 Primary Objective

The main objective of the study is to examine and evaluate the factors influencing the success or failure of CRM strategies that can be adopted and implemented by SMEs in KZN.

1.4.2 Secondary Objectives

The sub-objectives are:

- To undertake an in-depth review of literature on the concepts of SMEs and CRM strategies SMEs.

- To determine the factors influencing CRM adoption and implementation by SMEs.
- To undertake an analysis of factors that affect the implementation of CRM strategies.
- To propose the adoption of an amended CRM adoption and implementation model which can be utilised by SMEs in KZN.

1.5 RESEARCH QUESTIONS

The study poses the following questions:

1. Do SMEs understand the concept of CRM?
2. To what extent are SMEs involved in CRM?
3. How have the SMEs managed CRM?
4. What factors affect the adoption and implementation of CRM strategies?
5. What strategies have they adopted?
6. What problems do they face?
7. Have they been successful?
8. What ought to be done?

1.6 CONTRIBUTION OF THE STUDY

The final contribution of this discourse is to fully examine the factors affecting the CRM adoption and implementation process by SMEs in KZN and provide a solution to the deficiencies that arise along the way. The research outcomes can be utilised to develop a framework for the adoption and implementation CRM strategies. This will therefore be a tool that can be used by key stakeholders like CRM practitioners, academics and policy makers in devising strategies to ameliorate SME failure in KZN and South Africa at large. The research may also initiate the partnership between SMEs and large corporates so that they can learn from the success and failure of organisations that have thriving CRM strategies. Owner-managers of small enterprises can be attached to corporates so that they can get a real feel for CRM in action and twinning local SMEs with overseas firms that have succeeded with CRM

can be beneficial to the local SMEs. CRM practitioners can also gain a new perspective on the factors that influence the adoption and implementation of CRM strategies by small enterprises. These may open doors for further studies and assist in the development of the body of knowledge. Future research can focus on a single sector of SMEs that are not in incubatorship to get a thorough understanding of the conditions they operate in and the factors that influence the adopting and implementation of CRM strategies. It is also recommended that a study should be commissioned in future to gauge the success or failure of the adopted CRM strategies.

1.7 LIMITATIONS OF THE STUDY

The research was limited to SMEs registered and funded by the Department of Small Business Development, supported by DUT at the CSE and limited to KZN. Thus, the results may not be a true reflection of all SMEs in KZN and all SMEs in South Africa. In this regard the investigation endeavoured to cover all economic sectors to get a general view of CRM adoption across sectors. The research may not be generalised to other SMEs in other provinces. Furthermore, respondents may not be honest due to the sensitivity of the topic. To mitigate this, the research tool was simplified for the easy grasp of all, and the owner-organisational demographic parameters were checked first as way to gain trust from the respondents before delving into business information.

1.8 ETHICAL CONSIDERATIONS

As a way of minimising any conflict of interest, the researcher signed documentation disclosing commercial interests prior to the commencement of the study. For the questionnaire, a consent form was developed written in simple language. The researcher explained the purpose of the study and why the participants were chosen to be part of the study, thus giving them a clear idea of what to expect, as well as any benefits to the respondents or to others. Participants were reassured of confidentiality of the findings. Participants' right to opt out of the study at any given time were clarified and emphasised. All risks involved in this study, if any, were highlighted beforehand, be they of a financial, psychological, or social nature. All steps were taken to ensure that no physical harm would be suffered by anyone during this research.

1.9 STRUCTURE OF THE STUDY

This study consists of seven chapters as summarised below:

1.9.1 Chapter: Introduction

This chapter introduces and gives the background to the study. This section outlines the purpose and study objectives as well as the research questions. This section also provides a brief synopsis and situational analysis of the study.

1.9.2 Chapters 2 and 3: Literature Review

These two chapters articulate the concept of SMEs and CRM world over and narrows it down to South Africa. There is a need to delve into the concept of SMEs and CRM within the context of the study in relation to the South Africa and KZN business context. SMEs and CRM are a complex research discourse. It is therefore vital to have a separate discussion of each concept to allow the outcomes of the study to be adapted to the specific for situations of the organisations.

Chapter 2 articulates the concept of SMEs world over and narrows it down to South Africa. The definition, importance, failure and the role of governments in SME is development explored. Finally, the study examines SMEs in a local context.

Chapter 3 delves into the concept of CRM in general, the definition, models, processes, factors influencing the adoption and implementation of CRM strategies. Finally, it zeroes in on CRM in the setting of SMEs and examined factors that influence the adoption and implementation of CRM programmes.

1.9.3 Chapter 4: Theoretical Framework and Hypothesis

Adoption and implementation models specific to this topic were explored to get an in-depth understanding of the concept of CRM. Prominent research in this field was utilised to unpack CRM adoption and implementation. Theories that have been applied by large organisations to gain competitive advantage through CRM adoption were examined relative to how they could be adapted to SMEs. Hypothesis that attempts to answer the research questions were finally postulated.

1.9.4 Chapter 5: Research Methodology

A thorough description of the study approach is provided, unpacking the instruments used to collect data and how they were used. It justifies the sampling and data collection methods used. The survey method was used to collect data and the motives for its choice are explained in this chapter. The reliability coefficient of the data collection instrument was checked using the Cronbach alpha test. It is extensively used in research studies to assess reliability (Abed 2020).

1.9.5 Chapter 6: Data Analysis, Presentation and Discussion of Results

The process zeroes in on understanding the nature and scope of CRM implementation and adoption by SMEs. The raw data was coded into values to deduce meaning and to facilitate data conversion and measurement comparison. The reliability coefficient of the questionnaire was checked using the Cronbach alpha test. The statistical significance test of the variables to reject or accept was carried out using a 2-tailed t-test for equality of means. The findings were presented pictorially with the aid of graphs and tables. An in-depth discussion, interpretation and analysis of the results was carried out through descriptive and inferential statistics and logistic regression analysis. These results were discussed in relation to the theoretical framework and previous research.

1.9.7 Chapter 7: Conclusions and Recommendations

The analysis of the results led to certain conclusions being drawn and the understanding of the whole discourse led to certain relationships being discovered and a thorough understanding being established.

1.10 CHAPTER SUMMARY

The study endeavours to recognise and examine the factors that influence the adoption and implementation of CRM strategies by SMEs in KZN. The rationale for choosing to focus on SMEs was grounded on the fact that they are an important element of any given economy and paramount when it comes to the developing economies of Africa. However, the economy of South African continues to be plagued by a high rate of failure. SMEs are failing to grow and survive thus create sustainable employment opportunities. Much research has been conducted on SME failure and

ways to help them to survive, grow and thrive but very little has been done in respect of CRM. CRM has generally been assumed to positively impact organisational performance to create a competitive edge over competition.

Conceptually, CRM has been widely embraced by large businesses. In practice, however, results of adoption and implementation do not match the expectations. Most research on CRM has focused on corporate entities thus leaving out SMEs. The little research that has been undertaken on factors influencing the adoption and implementation of CRM strategies by SMEs has mainly focused on the technical aspect of CRM. This research therefore seeks to explore factors other than technical to evaluate how they influence adoption and implementation of CRM strategies by SMEs. The following chapter sets out to understand SMEs as a concept.

CHAPTER 2: LITERATURE REVIEW ON SMES

2.1 INTRODUCTION

A literature review comprises a thorough analysis of the existing research that contains detailed intuitions regarding the relevant principles, theories and data that are needed to reach practical inferences and come up with credible results (Patole 2019). It also provides exposure to the work of other contemporary and authoritative scholars in a particular field of interest and is therefore an essential element of any research work. An in-depth review of scholarly work allows the researcher to illustrate knowledge about the particular field of study, including critiquing ideas, methods and arguments proposed by other scholars (Gopaul 2019). This is the first of two chapters that reviews literature in this study. The aims of Chapter 2 are to review the literature pertaining to small businesses, the importance of SMES, the criteria used to define and classify small businesses and SME challenges; and to provide a deeper understanding of this sector within the South African setting.

2.2 UNDERSTANDING THE CONCEPT OF SMES

The absence of a universal definition generates an uncertainty in the terminology used to describe small, medium and micro-enterprises as evidenced over the past 30 years (Anastasia 2015). As a result, a noticeable element in the literature is the multiplicity of terminologies used to describe enterprises that are not categorised as large firms, corporations or publicly owned enterprises (Gopaul 2019). According to Anastasia (2015), the existence of the large variation in the definition and classification of small businesses illustrates the challenges encountered by international authorities as well as researchers in reaching a common benchmark on which to calibrate any statistics.

Before delving into the characteristics of SMEs, it is prudent to ensure comprehension and consistency in the terminologies used in making references to SMEs throughout this study. The European Union (EU) the United Kingdom (UK) and international organisations such as the International Labour Organisation (ILO), the World Trade Organisation, the World Bank and the United Nations (UN) commonly use the abbreviation “SME” to refer to small and medium-sized enterprises (Gopaul 2019). The term “small and medium businesses” or “SMBs” is mainly used in the United States of America (ILO 2013: 2). In Africa, generally, Micro, Small and Medium

Enterprises (MSMEs) is typically used; however, South Africa uses the abbreviation “SMME” for small, medium, and micro-enterprises (South Africa NCR 2011: 24). The acronym, SME is used in this research in preference to any of the other terms.

Schumpeter, who is one of the pioneers of modern researcher on business, observed that small firms enormously contribute to the development and economic growth of modern day states (Mahadea and Kaseeram 2018; Mukorera 2016). Aydin, Araz and Ozer-Imer (2018), argued that the analytical relationship between economic development and entrepreneurship was first developed by Joseph A. Schumpeter. However the concept of entrepreneurship has gained different interpretations along the way. Ayandibu and Houghton (2017b), ‘postulated that the role of entrepreneurship is more important in emerging economies than in first world countries. Third world countries thus pay more attention to SMEs than do the developed countries. Emphasising on the importance of the entrepreneur (Vosloo 2017) postulated that:

People make things happen. Enterprise begins with people. Enterprising people gives rise to production, which in turn gives rise to employment. Without the spirit of enterprise as expressed in entrepreneurial activity, there can be no employment creating economic growth.

Ayandibu and Houghton (2017b); Dunne and Masenyetse (2015) postulated that small, medium, and large enterprises play important roles in economic and industrial growth, through the creation of innovation, competition, and employment. A common perception is that small enterprises are critical for innovation, growth, competitiveness and creating private jobs (Matarirano, Chiloane-Tsoka and Makina 2019a; Lekhanya 2016; Nag and Das 2014). In agreement with this attestation, Takahashi (2015) argued that smaller firms which can be equated to SMEs participate in what is called “economies of growth”; that is, maximisation of employment of “productive resources” in the accomplishment of which SMEs may be exceptionally efficient. He further alluded to the fact that the rate of economic growth will suffer if emerging firms are not allowed to take advantage of “leftover opportunities”.

The importance of SMEs was further strengthened by Malesios *et al.* (2018a) in discussing sustainability in a business environment. Hamann *et al.* (2016) postulated that SMEs are expected to be responsible for the environment in which they conduct their business. In this setting and from a global perspective, SMEs play an important

role in sustainable development because they are the majority in the business sector of any given economy, and thus the cumulative effect is far from being insignificant (Malesios *et al.* 2018b). Reflecting on the above notion, Ayandibu and Houghton (2017b) analysed the importance of SMEs in some of the East Asian countries such as South Korea, China and Japan three decades prior to 1990. The research findings showed that these countries had very high economic growth rates that were driven by SMEs.

Osano (2019) further observed that SMEs derive their advantage from the fact that they can make instant decisions and can quickly innovate, but lack of competitive intelligence data that is usually at the disposal of large organisations incapacitates them. The emergence of new businesses in the uncongested spheres of the economy encourages diversification (Lekhanya 2015). Moreover, technology-based and innovative start-up businesses can be a springboard for international, regional and local growth, especially in the economies of Brazil, Russia, India, China, South Africa (BRICS) (Lekhanya 2015).

SMEs are able to endure unfavourable economic conditions because they are flexible in nature (SEDA 2018). SMEs employ more people than bigger organisations, thus the capital costs related to job creation are very low (Graafland and Smid 2016). SMEs are more likely to do well in rural setups and smaller urban centres because they are labour intensive. In this way they can slow down rural-urban migration thus contributing to a more equitable distribution of economic activity within a region (Snowball and Mapuma 2020). SMEs therefore play an important role in promoting growth, employment and income stability (Matarirano, Chiloane-Tsoka and Makina 2019b). A further review of scholarly work by Nag and Das (2014) revealed that SMEs can foster impartial distribution of income than large organisations because they are labour intensive and are spread across many regions. SMEs facilitate sustainable economic development by making good use of limited resources and improve the effectiveness of local markets (Ayandibu and Houghton 2017c).

However, research investigations have led some scholars to argue that the job-creating impact of SMEs is not fully acknowledged because some offsetting factors reduce the net impact of new employment (Ramukumba 2014). In contrast, the increases in employment SMEs does not commensurate with increases in productivity

(Dalitso and Peter 2000). Nevertheless, the important role played by these small firms can never be underestimated (Malesios et al. 2018b). Small organisations are largely better positioned than large competitors when it comes to employment creation (Fatoki 2014a).

2.3 THE ECONOMIC ROLE OF SMES

The importance of SMEs for the economic upturn of both developing and developed nations is widely recognised and there is abundant literature and research studies in support of the above notion (Stankovska, Josimovski and Edwards 2016; Soni, Cowden and Karodia 2015). SMEs are an important component of any given economy (Sudhakar 2015; Bahri-Ammari and Nusair 2015; Ramukumba 2014; Nguyen and Waring 2013) and even more paramount when it comes to their status in the developing and emerging economies (Bailey 2019; Love and Roper 2013) especially in the African context (Lawal *et al.* 2018; Ayandibu and Houghton 2017b). SMEs are often recognised as hidden giants (Pohludka and Štverková 2019).

Indeed, SMEs have been acknowledged as engines to achieving development objectives of third world countries because they easily adapt to customer needs, mobilise idle funds, employ from local communities (Adeyele and Omorokunwa 2017). The prospects of sub-Saharan African development are pinned on the positivity than can be generated by SMEs (Gonsalves and Rogerson 2019). Adeyele and Omorokunwa (2017) further argued that local economies cannot effectively develop without the active role of SMEs that influence the commercial activities in any nation. Studies by Sharma (2018); Muriithi (2017); Saleem (2013) in the Middle East and North Africa found out that registered SMEs contribute up to 45% of job opportunities and up to 33% of GDP in budding economies. However, these figures are considerably higher when the estimated contributions of SMEs operating informally which employ mainly the youth and women with low levels of education are taken into consideration (Snowball and Mapuma 2020; SEDA 2018, 2016).

Research work carried out by Hendrayati and Syahidah (2018) indicated that SMEs have a very important role in the Indonesian economy. They postulated that SMEs' contribution to GDP was 57.93% of the total 2014 GDP. SMEs further provide 97.30% of employment opportunities. In Malaysia, SMEs are of vital importance to the social uplifting of locals, stability of the country as well as economic development. The SMEs

are the mainstay of business foundations and account for 32% of GDP and 59% of total employment opportunities the country (Hassan, Mohamed Haniba and Ahmad 2019).

Petković, Jäger and Sašić (2016), who did a study on SMEs in Eastern Europe, proffered the fact that governments in that part of the world do offer some support to quicken the growth of SMES. They argue that numerous instruments and models of financial and non-financial help have been rendered to support SMEs. SMEs are acknowledged as fulcra of successful job creation strategies. SMEs are therefore an important factor in the attainment of sustainable development objectives (Ayandibu and Houghton 2017c), promotion of impartial and long-term economic growth, employment creation and sustainable jobs, promotion of environmentally responsible industrialisation and fostering technological change and the reduction of segregation in society (Osano 2019). In spite of government support in both emerging economies and first world countries, the rate of small businesses closure globally is high (Petković, Jäger and Sašić 2016).

Onyenego (2018) documented that 63% of new jobs is accounted for by SMEs thus they represent 99.7% of all employers in the United States. Scholars do not agree on the exact contribution but Anastasia (2015) argued that SMEs are an important component of the United States of America's (U.S.) economy. The findings show that small business holdings permeate the American landscape and support the economic activities across the width and breath of the country. As of 2013, 3.7 million micro businesses were operational in the U.S., which is 75.3% of private sector employment. Small businesses with less than 100 workers accounted for the biggest chunk of small business employment with 60% of all new employment opportunities being attributed to small firms (Anastasia 2015).

Basing on the Kenyan experience, Osano (2019) argued that SMEs play a complementary role to large organisations as auxiliary units; they are more flexible than big business and can thus effectively meet the needs of the population. The sector therefore plays a catalytic role in business transactions across the nation making huge contributions towards socially and economically transforming both the rural and urban settings (Osano 2019; Nag and Das 2014). SMEs can quickly adapt to market conditions due to their broadly skilled technologies (Laurențiu 2016).

However, questions still remain when we narrow down the analysis to developing: '*Do small-scale enterprises play a dynamic economic role?*' (Li and Rama 2015).

Addressing delegates at the National Small Business Policy Colloquium (2014) (Ministry of Small Business Development 2015) in Sandton, the Minister of Small Business Development highlighted the fact that SMEs are of paramount importance when it comes to the development of the economy of South Africa contributing more than 45% to the GDP and 50% of employment opportunities (Nieuwenhuizen 2019; Lekhanya 2015). The contribution of formal SMEs to the GDP in SA increased from 18% in 2010 to 22% in 2015 (Nieuwenhuizen 2019). Scholars differ as to the actual figures regarding the SME contribution to the GDP, but what resonates through most of them is that their contribution is significant (Lawal *et al.* 2018; Ayandibu and Houghton 2017b).

The role and challenges of SMEs have attracted a lot of attention from governments across the world, economists, and the populace at large. South Africa is still one of the most unequal societies on the planet, 20 years into the new dispensation (Masutha and Rogerson 2014a). It has been observed that the socio-economic stability of the country may be threatened by high levels inequality, joblessness and poverty (Bailey 2019). The government of South Africa has huge political and policy commitments towards the support of SMEs as an engine to drive job creation, equitable income distribution and poverty alleviation. (Masutha and Rogerson 2014a).

The first Millennium Development Goal at the UN Declaration (2000) was to halve extreme poverty and hunger by 2015, but extreme poverty and hunger still pose a challenge to the South African society (Barbier and Burgess 2020; United Nations 2015). SMEs were earmarked to galvanise the eradication of poverty but they could not withstand the test of time because they are failing (Kunene 2014). The Minister of Small Business Development (2014) also echoed the sentiments that developing the small business sector will arm the country with the necessary tools to tackle the three challenges of inequality, poverty and joblessness.

Ramukumba (2014) opined that SMEs' ability to create jobs is accepted as self-evident but, however, this is not being realised at present. Research by Cilliers and Aucoin (2016) revealed that chronic joblessness among the youths of the country's is one of the most significant threats to the socio-political stability of South Africa. If left

unattended, it can have an enduring negative effect on the country (Cilliers and Aucoin 2016). SMEs therefore offer the most attractive and compelling solution to deter future economic turmoil (Sitharam and Hoque 2016). However, Ramukumba (2014) argued that some figures of SME employment are unaccounted for because it employs marginalised people whose skills are not recognised in the labour market.

However, a huge number of SMEs are reported to close before the fifth year of establishment (Adeyele and Omorokunwa 2017). Support of the above comes from Gonsalves and Rogerson (2019), who retorted that newly established businesses have failed dismally during the first stages of existence. Due to the important role they play any economy (Lekhanya 2016), failure by SMEs is viewed as failure of the whole economy (Worku 2013), and the government actively supports the growth and sustenance of SMEs. Lekhanya (2015) reported that international development agencies and governments in the third world are gathering pace in the promotion of SMEs as a weapon to fight poverty. Tsotsotso et al. (2018) further noted that the government of South African has realised the importance of using SMEs as a tool to eradicate poverty as highlighted in the strategic framework for small firms.

The high rate of failure newly established SMEs portrays a hopeless images of the SME sector's potential to meaningfully contribute to employment creation, economic development and poverty alleviation (Fatoki 2014a). In South Africa, SMEs were part of the Broad-Based Black Economic Empowerment (BBBEE) strategy that was introduced as a way of emancipating the underprivileged population and helping to eradicate the legacy of apartheid (Kunene 2014). The best way to reduce poverty is to promote economic growth through increasing the number of SMEs that create employment opportunities (Guzmán and Lussier 2015). The formal economy is not creating enough jobs resulting in high rates of unemployment (Page and Shimeles 2015). The success of SMEs could have contributed to solving the unemployment problem (Maziriri and Chivandi 2020) thus the effect of their failure is sorely felt. Despite the documented high rate of failure, new SMEs are being registered and resources are being channelled into the new SMEs (Bruwer, Coetzee and Meiring 2018; Gono, Harindranath and Özcan 2016; Jere, Jere and Aspeling 2015). It therefore begs the question as to why resources are continuously being channelled towards SMEs (Bruwer 2017). This strengthens the growing belief that SMEs are key propellers of economic growth (Kachlami and Yazdanfar 2016; Nag and Das 2014).

The next section explores the complex notion of defining SMEs and propose a more inclusive definition.

2.4 THE DEFINITION OF SMES

Prior arguments have brought to the fore that fact there is plurality of definitions when it comes to SMEs. In various countries, South Africa included, multiple definitions of SMEs have been postulated, which is a concern to the academics and policy makers (Roopchund 2019; Lekhanya 2016; Soni, Cowden and Karodia 2015). There is no consensus and uniformity in defining an SME (ar Jassim and Khawar 2018; Berisha and Pula 2015; Dalitso and Peter 2000). The absence of a universal definition generates an uncertainty in the terminology used to describe SMEs as evidenced over the past 30 years (Anastasia 2015). Many academic battles have been fought regarding the definition of SMEs and many ideas postulated depending on one's point of view (Berisha and Pula 2015). Industries are unique in nature such that one characteristic has various meanings to different industries compounding the efforts to come up with a universal definition (Soni, Cowden and Karodia 2015).

2.4.1 Statistical Definition of SMEs

The existence of the large variation in the definition and classification of SMEs illustrates the challenges encountered by international authorities as well as researchers in reaching a common benchmark on which to calibrate any statistics (Anastasia 2015) The number of people in employ, sales figures, and profits are some of the factors that have been incorporated into the official definition of SMEs (Pohludka and Štverková 2019). The common parameters used to define SMEs are factors such as size, number of employees and turnover bands (ar Jassim and Khawar 2018). Scholars have tried to use these factors to harmonise and synthesise the definition of SMEs (ar Jassim and Khawar 2018; Kunene 2014). Businesses are different when it comes to capital requirements, sales volumes, and employment numbers. Hence, definitions which utilise size (net worth, profitability and employment numbers) could result in most of the business being categorised as small while a different result can be obtained when applied to another sector (Berisha and Pula 2015).

The Bolton Committee (1971) made the first attempt to overcome the above weakness of defining small businesses when they came up with an “economic” and a “statistical”

definition (Pratt and Virani 2015). Pratt and Virani (2015) posited that Bolton's work looked at the significance of small enterprises in a period when historical transformations were taking place regarding the reformation of the economy. Simpson and Docherty (2004) reiterated the fact that the most plausible working definition of SMEs emanates from the fact that the Bolton Committee report of 1971, recognised small businesses as owner-managed, independent and with a small share in the market.

The Committee came up with a variety of statistical definitions (Simpson and Docherty 2004) which were applied three main areas such as:

..... quantifying the size of the small firm sector and its contribution to the GDP of a country in terms of employment and exports; comparing the extent to which the small firm sector's economic contribution has changed over time; and applying the statistical definition in a cross-country comparison of small firms' economic contribution' (Dalitso and Peter 2000).

One of the weaknesses of the Committee's numerical definitions is that no solitary definition or standard was utilised for "smallness" (employment figures, sales, assets and ownership were used) (Pratt and Virani 2015; Dalitso and Peter 2000). Upon reflection, Simpson and Docherty (2004) argued that the use of so many definitions impedes statistical analysis. The definition was made even more complex by the fact that different upper limits were used for turnover and employment numbers respectively (Berisha and Pula 2015).

The key quantitative measure utilised by the World Bank to define SMEs are total value of assets, sales per annum measured in American dollars and number of employees (Berisha and Pula 2015). An enterprise must therefore satisfy the standards of number of workers and either the total asset value or sales per annum for them to be classified as SMEs. The meaning considered the small enterprises sector to be uniform in their characteristics; however, businesses do not follow the same path of growth. It was in light this weakness that the EU invented the term SMEs (Wang 2019; Dalitso and Peter 2000). The UK adopted the criteria of SMEs comparable to the EU in that businesses are disaggregated into three aspects which are the number people in full time employment, turnover per annum or value of assets (Gopaul 2019). SMEs in Southern Africa, including South Africa are referred to as

SMEs (Lekhanya 2016; Asare, Gopolang and Mogotlhwane 2012) thus the terms can be used interchangeably.

Table 2.1: EU statistical definition of SMEs

Company Category	Employees	Turnover	Balance Sheet Total
Micro	<10	<£ 2 million	< £2 million
Small	<50	< £10 million	< £10 million
Medium-sized	<250	< £10 million	< £10 million

Source: Pohludka and Štverková (2019)

2.4.2 Qualitative Definition of SMEs

Khedhaouria, Gurău and Torrès (2015) identified traits of the small enterprise other than size. They averred that there is with a trilogy of ways to differentiate the small from large firms. The small firm deals the risk of being forced to take any price from customers (Bharati and Chaudhury 2015), a limited clientele and product base as well as uncertainty attached to diversity of aims and objectives in comparison to big firms (Majama and Magang 2017).

The Bolton Committee's economic definition entails that a firm is characterised as small if it has a comparatively diminished share of the market place, owner-managed or part owners in a personalised way (Berisha and Pula 2015), and not through the medium of a formalised management arrangement, and not being in partnership with large firms (Pratt and Virani 2015; Dalitso and Peter 2000). However, the economic definition was criticised for assuming that small firms operate in a flawlessly competitive marketplace. The issue of perfect competition is not a reality for SMEs, many small enterprise occupy niches providing a highly specialised goods and service in a geographically isolated area with little or no competition (Pratt and Virani 2015; Dalitso and Peter 2000).

Table 2.2: Qualitative indicators in differentiating SMEs from large enterprises

Category	SMEs	Large Companies
Management	Owner-Entrepreneurship Functions are linked to personal traits	Manager-Entrepreneurship Labour organised into departments
Organisation	No university graduates Extensive knowledge	Highly formalised communication
Personnel	Lack of university graduates No specialisation	Dominated by university graduates Specialisations
Buyer's Relationships	Unstable	Based on long-term contracts
Finance	Family funded, self-supporting	Multiple ownership structure, access to outside funding
Production	Manual labour	Venture capital, large scale
Research Development	Follow the market, instinctive approach	Standardised
Sales	Relative position, undefined	Strong competitive position

Source: Gopaul (2019)

2.5 SOUTH AFRICA'S DEFINITION OF SMES

A noticeable element in the literature is the multiplicity of terminologies used to describe enterprises that are not categorised as large firms, corporations or publicly owned enterprises (Gopaul 2019). The government of South Africa played an important role an effort to try and reduce the confusion regarding what constitutes SMEs by promulgating the National Small Business (NSB) Act of 2004. In South Africa, small businesses are commonly referred to as Small, Medium and Micro Enterprises SMMEs (Republic of South Africa 1996; DTI 1996).

The challenge of finding the precise meaning of a small business and stipulating the standards that differentiate SMEs is no less pronounced (Soni, Cowden and Karodia 2015). Section 1 of the National Business Act of 1996, which was as amended in 2003 and 2004 officially defines a small business as:

... a separate and distinct business entity, including cooperative enterprises and nongovernmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector

of the economy mentioned in Column I of the Schedule 14...(Republic of South Africa 2019; Cant and Rabie 2018; DTI 1996).

2.5.1 Statistical definition of SMEs

The Standard Bank in South Africa described SMEs as registered firms with an annual turnover ranging between R150 000 and R5 million, employing less than 250 people (Kunene 2014). Worku (2013) took the argument further by adding working capital and asset values as other factors that can influence the definition of SMEs. He contended that SMEs are characterised as firms whose asset base is around R10 million excluding land and venture capital employing between 10 and 300 workers.

Table 2.3: Statistical definitions of SMEs in the NSB Act

Firm size	Number of workers	Sales per year	Asset value (fixed assets excluded)
Micro	Less than 5	Fewer than R150 000	Fewer than R100 000
Very small	Between 10 and 20, varying from industry to industry	Between R200 000 and R500 000, varying from industry to industry	Between R150 000 and R500 000 varying with industry
Small	Less than 50	From R2m to R25m, varying with industry	From R2m to R2.4m, depending on industry
Medium	Between 100 to 200, varying with industry	Between R4 million to R50m, industry dependent	From R2m to R18m, depending on industry

Source: (Republic of South Africa 1996)

The NSB Act further added survivalist as a category of businesses to the SMME group. The term ‘survivalist’ business denotes that the income generated is under the poverty datum line. Included in this category are street vendors, subsistence farmers and hawkers. However survivalists are usually categorised in the same class as micro-enterprises (ar Jassim and Khawar 2018). In the same spirit of trying to enunciate the definition of SMEs (Lekhanya 2016) noted that the NSB Act further classifies small firms in into distinct categories, viz; survivalist, micro, very small, small and medium, thus the term “SMME” is used for small, medium and micro-enterprises. Thus, the following local definitions:

2.5.2 Qualitative Definition of SMEs

The identification and classification of what constitutes SMEs is generally based on the description afforded by the South African NSB Amendment Act (Gopaul 2019). The description of the qualitative definition of SMEs in South Africa can be replicated to the same factors of SMEs definition in a worldwide context. The owners of SMEs on average have stronger involvement in their businesses than owners of large businesses. This is encapsulated by Pratt and Virani (2015) as follows:

Small enterprises are the very embodiment of a free society, the mechanism by which the individual can turn his/her talents and leadership to the benefit of both the nation and himself. The freer the smaller business will be and the smaller businesses there are the freer and more enterprising that society is bound to be.

Pratt and Virani (2015) used the allegory of SMEs being, 'the romantic notion of the creator, the entrepreneur, which has its popular figure as the small business'. This emphasises the fact that owners are the blood and flesh of SMEs. This idea received recognition from the work of Lekhanya (2015), who asserted that the direction and administration of SMEs in South Africa are under the unequivocal control of the owner-manager. Consequently, the growth and survival of these SMEs are reliant on the qualities and skills set of the owners who are also managers in setting the goals and moulding the direction that should be followed by personnel (Gopaul 2019). The owner-manager thus retains the strategic decision-making and external relationships based on their personal behaviour and attitude (Lekhanya 2015). For the purpose of this research, the author has adopted the definition that was proffered by the DTI (1996) which places the owner at the centre of the business and includes cooperatives. This is imperative because the aim of the study is to investigate SMEs that are situated in the KZN province of South Africa. This is also in line with the objectives of the research because owner characteristics play an important role in the decision to adopt CRM strategies.

2.6 SME SECTOR DEVELOPMENT FROM AN INTERNATIONAL PERSPECTIVE

As alluded to above, the economic importance of SMEs for the development of nations is widely acknowledged and there is abundant research studies and literature to support the above notion (Stankovska, Josimovski and Edwards 2016; Soni, Cowden

and Karodia 2015). SMEs are an important fabric of any given economy (Sudhakar 2015; Bahri-Ammari and Nusair 2015; Ramukumba 2014; Nguyen and Waring 2013) and even more paramount when it comes to their status in the developing (Love and Roper 2013) and emerging economies especially in the African context (Ayandibu and Houghton 2017a; Cant and Wiid 2013).

2.6.1 The UK

The sector for small business in the UK economy is of paramount importance, and they contribute 80% to a country's economic growth. The government thus allocated considerable resources to provide support services for this sector (Simpson and Docherty 2004). The same line of argument statistically proves that of the 3.7 million businesses in the UK, 97% are defined as small businesses (Hansford and Hasseldine 2012). The above idea received recognition from Brown and Lee (2019) who observed that the UK government has been financially supporting high growth SMEs since the financial global economic crisis. Cowling, Liu and Zhang (2016) further argued that the government pooled resources together into one place to help the SMEs to have access to finance. (Lyee and Cowling 2015) added that the UK government even recognised the difference between urban and rural small enterprises and thus provides differential support as a way of breaking the barriers to growth.

2.6.2 South Korea

Bulut and Yen (2013) observed that South Korea is regarded as one of the well-advanced e-procurement systems in the world. The procurement system which was set up in 2002 has resulted in ease of doing business between SMEs and the government (Baek 2015; Lim and Lee 2006). A lot of resources were committed to streamline the whole process and deal with red tape when it came to doing business with state-owned departments (Herrington and Kew 2016). The paper-based process was replaced by a live portal that was easily accessible to the SMEs. This was made possible by the ubiquity of internet connection which covered 90% of the country (Herrington and Kew 2016).

The South Korean government also provides additional help to SMEs to help them survive and prosper by improving access to markets for small businesses. The government also increases the visibility of SME products by including them in a

product catalogue that can be accessed by companies that consult for and supply goods to the government (Herrington and Kew 2016). SMEs that offer good services and products are allocated 'indefinite delivery contracts' at competitive prices. The government also releases certain stockpiled raw materials at discounted prices to the deserving SMEs as a way of promoting SMEs (Herrington and Kew 2016; Baek 2015).

2.6.3 The European Union

The EU has constantly recognised the critical part played by SMEs in the growth of economies contributing 99% of the employment opportunities (Bassi and Dias 2019). The EU 2020 Strategy, priorities policy implementation aimed at enhancing the business environment which will ultimately increase organisational competitiveness particularly for SMEs (Laurențiu 2016). The most important methods that directly develop and support SMEs within the EU political block are legislation and EU operational programmes (Laurențiu 2016) thus eliminating administrative and fiscal burden that weigh down the SMEs (De Marco, Martelli and Di Minin 2020). Laurențiu (2016) further revealed the European Commission drafted the European Act – '*First think of the children*' in 2008 to strengthen and consistently grow SMEs. The Act reiterated that the EU needed to prioritise the needs of SMEs in the implementation of EU policy. The European Act is was guided by 10 principles that reflected the trends in EU Member States in the SMEs sector (Laurențiu 2016).

2.6.4 Kenya

Research carried out by Osano (2019) reiterated that MSMEs were the largest part of the privately owned firms in Kenya. The results of the survey conducted on the SMEs sector in 1999 noted that the sector had a total of 1.3 million MSMEs with an employment compliment of over 2.3 million workers. It was noted that the MSME contribution to employment in the sector was 85% (Ombongi and Long 2018). This is supported by the fact that the Constitution of Kenya has passed institutional and regulatory reforms to promote SMEs (Osano 2019). Gumboh and Gichira (2015) noted that 30% of the government's procurement budget is reserved for SMEs as a way of promoting growth. The government of Kenya also created a youth and female entrepreneurship fund aimed at encouraging the creation of new enterprises (Igwe, Onjewu and Nwibo 2018). It is acknowledged by Douglas et al. (2017) that various

measures to reduce the cost of conducting business were undertaken by the Kenyan Government to increase competitiveness of Kenyan products for the export as well as the local market. Statistics from the World Bank showed that Kenya had made huge strides in its effort to increase the ease of conducting business. Kenya had improved its position for four successive times from position 80 in 2017 to position 61 in 2018 (World Bank 2019).

2.6.5 Dubai

Riaz and Mushtaq (2017) posited the government of United Arab Emirates declared that the year 2015 was the year of innovation. The intention was to initiate government departments to work towards the promoting SMEs growth. Studies conducted by Dubai SME, the agency of the Department of Economic Development in Dubai noted that SMEs contribute up to 47% of the Emirate's GDP and more than 50% of the labour force (Bridge 2018). The CEO of Dubai SME, confirmed that the initiatives and policies Dubai SME had been adopted globally by organisations and institutions such as the World Bank, UN, and the Organisation for Economic Cooperation and Development as global best practices (Bridge 2018; Riaz and Mushtaq 2017). The government therefore plays an important role in propagating an environment that is conducive for SME growth (Pervan, Al-Ansaari and Xu 2015).

2.6.6 India

Songling et al. (2018) posited that government support is one of the significant factors that can increase the growth and development of help SMEs. The government of India supports SME entrepreneurship by giving subsidies and tariff reduction to small businesses (Plutshack et al. 2019). The Indian government also promulgated The Micro, Small and Medium Enterprises Development Act (MSMED) 2006, to take care of the formation and regulation of SMEs in India (Patole 2019). The Act guides the advancement, growth and fair competition among the SMEs (Patole 2019; Galvão et al. 2018). This affirms the fact that non-financial support goes a long way in promoting SME growth (Plutshack et al. 2019; Songling et al. 2018).

2.6.7 Commentary

In order to enhance the critical contribution of small enterprises in the development of the economy, many governments across the globe develop various policies and incentives to boost them (Worku 2013). Other developing economies like Pakistan have established dedicated bodies to help promote small and medium enterprises through SMEs related policy formulation and access to finance facilitation (Hyder and Lussier 2016). While it may not be the governments' direct task to start and operate new businesses through which employment opportunities can be provided, they still have a role to ensure that key fundamentals are in place to incentivise new venture creation and sustainability of already operational businesses.

Governments should thus create a conducive environment through enhanced reforms and policy that promote ease of conducting business and minimise unnecessary delays (Herrington and Kew 2016). Governments can consciously create policies that increase or even decrease market concentration. Certain government decisions like tax policies can influence small businesses to access to finance if there is an exemption on corporate income tax; also, selective subsidies have been found to influence market structure and can even result in efficient firms that did not receive subsidies disappearing (Pervan, Al-Ansaari and Xu 2015). This implies that well-crafted government support programmes or policies can improve small firms' survival (He and Yang 2016).

2.7 SMES IN SOUTH AFRICA AND KZN

When undertaking to investigate and understand any phenomenon of an economic nature in South Africa (*Kunene 2014*), it is important to consider the historical setting of the country to get to the bottom of the current problem, and also to understand the environment and the context of the decisions that have been undertaken (Ayandibu and Houghton 2017b). Apartheid had a significant negative impact on the success of SMEs because it never provided the right conditions for small businesses to survive (Kunene 2014). He further argued that the apartheid regime was to blame for the distorted income in South Africa and was the major cause for the closure SMEs (Kunene 2014).

The arrival of colonialists in the late 1800s with the intention of gaining access to precious mineral like gold and diamonds led to the founding of mining firms in South Africa (Kunene 2014). Europeans owned these conglomerates, while local black population employed as labourers in the mines. this indeed was the beginning of modern capitalism in Africa. According to Ayandibu and Houghton (2017b), the local population became forced labourers and never owned the means of production. The locals were wallowing in poverty while the colonisers enjoyed the wealth derived from the mineral resources.

1940 saw a change in governance when the Afrikaners defeated the English and took over the running of the country. They implemented a racially charged policy called apartheid. This system, according to Kunene (2014), stripped the local of the fertile and productive land and took away their rights to own any business or assets. The quality of education for the blacks was poor, thus, the indigenous people remained an unskilled labour force in South Africa. The large firms which were mainly white owned were heavily subsidised while SMEs which were the domain of the black population were side-lined thus received no support from the government (Gono, Harindranath and Özcan 2016). The plight of the 'black' South Africans drew the attention of the international community which resulted in sanctions being imposed on the apartheid regime in 1962 (Ayandibu and Houghton 2017b). The African National Congress (ANC) intensified the armed struggle and increased political pressure from the UN and other relevant organisations world over led to the collapse of apartheid after 9 years of oppression (Kunene 2014).

The ANC was democratically elected in 1994 and was faced with the mammoth task of reversing the legacy of apartheid (Irene 2017). They were faced with a racially charged society comprised of high levels of poverty, inequality and an angry, under-educated black majority (Kunene 2014). The prevailing political and economic situation therefore became the point of departure for the ANC government to try and ameliorate the situation. Against this background, Irene (2017) noted that 'The Reconstruction and Development Plan' was one of the major policies put in place to redress the imbalances of the past regime. State responses towards the small enterprises in South Africa can therefore be seen as a way of opening up the economy and offer support towards the emancipation of SMEs (Rogerson 2016).

It was very clear to the new government that a shift in policy that would emancipate the black majority and provide a conducive environment for the creation and sustainability of SMEs was required (Kunene 2014). The white paper published in 1995 showed government's intent when it came to dealing with small businesses (SEDA 2016). Even though the SMEs were already operational, the government of South Africa formally recognised the SMEs when the National Business Act was promulgated in 1996 (Bruwer 2017; Republic of South Africa 1996). This action plan saw the establishment of a number of government entities like SEDA, and the merger of Small Enterprise Finance Agency (SEFA), South African Micro-Finance Apex Fund and Khula Enterprise Finance Limited to cater for small businesses with a capital requirement of up to 3 million rand (SEDA 2016). Further to that the BBBEE policy was implemented, with the intention of promoting equitable distribution of wealth (Mayombe 2018).

Post-apartheid governments are however still struggling with the unequal distribution of wealth, high unemployment (Mahadea and Kaseeram 2018) and most worryingly most SMEs are not surviving past year 3 of establishment (SEDA 2018). The economy is not creating enough jobs which leads high unemployment. The success of SMEs would have gone a long way to helping to solve the unemployment problem (Nieuwenhuizen 2019); thus the effect of their failure is sorely felt. Despite the documented high rate of failure, new SMES are being registered and resources are being channelled into the new SMEs (Bruwer 2017). The government has prioritised the development and growth of SMEs thus it has given a clear mandate particularly to the DTI to make sure that the sector thrives and fulfil its potential (Nieuwenhuizen 2019; Dikgwatlhe 2014).

The Government of South Africa encourages the local business people to purchase locally produced raw materials, employ local people and formation of partnerships as a way of building business capacity (Worku 2013). Statistics from the DTI indicate that SMEs contribute around 50% of South Africa's GDP (Bruwer, Hattingh and Perold 2020) and employ more than half of the private sector workforce (Naicker and Rajaram 2019). SME sector is an important player in any given economy as it is estimated that they contribute 80% new jobs (Worku 2013). Provincial governments are also mandated with coming up with policies that are in line with national policies as a way

of encouraging local growth. KZN is the focus of this research, thus it is prudent to focus on SME initiatives in the province.

It is estimated that KZN has about 400 000 operational SMEs only second to Gauteng which has around 600 000 registered SMEs and contributes around 10% of South Africa's exports (SEDA 2016). While South Africa's small exporting companies could assist in changing the country's export structure, these have had a low survival rate in the world of exports (Mahlatsi 2016). Mahlatsi (2016) further argued that nearly a quarter of active small firms in each period were likely to close in the next year of existence . Moreover, the chances of small firms growing into large businesses in the ensuing period were found to be small. KwaZulu-Natal has relatively high levels of unemployment as compared to the rest of the country. 2015 statistical figures showed that 38% of the working-age population was gainfully employed while the national average is 40%. This is way below world average of around 60% (Tsotsotso et al. 2018).

Table 2.4: SMEs by province

SMMEs	Number (2008Q1)				Number (2015Q2)			
	Total	Formal	Informal	Other	Total	Formal	Informal	Other
Total	2 182 823	666 501	1 420 933	95 389	2 251 821	667 433	1 497 860	86 528
Western Cape	223 933	114 976	95 212	13 745	230 324	110 107	110 188	10 030
Eastern Cape	218 865	56 579	154 631	7 655	197 366	50 670	141 739	4 957
Northern Cape	29 894	11 450	11 768	6 676	20 611	8 534	9 058	3 019
Free State	114 949	31 040	76 127	7 783	96 846	26 224	60 816	9 806
KwaZulu-Natal	418 406	102 591	289 347	26 468	373 434	74 976	283 165	15 293
North West	109 860	25 817	76 855	7 188	112 856	27 430	79 153	6 273
Gauteng	687 556	270 093	405 180	12 283	785 321	306 231	465 100	13 989
Mpumalanga	193 259	29 760	156 814	6 685	185 399	35 208	141 129	9 063
Limpopo	186 101	24 193	155 001	6 907	249 663	28 054	207 512	14 098

Source SEDA (2016)

The Provincial Growth and Development Strategy (KZN PGDS) of 2011 outlined the direction of economic development and the quality-of-life improvements within the province. One of the main strategic goals of the plan was job creation through the promotion of SMEs and entrepreneurial and youth development (Kalina and Rogan 2017). Mayombe (2018) further observed that the KZN provincial government encouraged the formation of cooperatives and provision of mentorship through programmes such as the one offered by CSE at DUT. The idea is reinforced by Steinman (2020) who posited that the eThekweni municipality experienced success in

propagating an environment that is conducive for the creation of '*social and solidarity economy*' through partnerships with the private sector. The success of this programme has seen it being replicated across all provinces of South Africa. The Durban Chamber of Commerce and Industry is also acknowledged for identifying business conditions and creating resilient conditions for small businesses to survive and grow (Steinman 2020). Academic institutions like University of KwaZulu-Natal (UKZN) and DUT also play a pivotal role in the creation of SMEs by searching for ways to help and develop the sector. As mentioned above the DUT has established the CSE which is an incubator programme supported by SEDA while UKZN is famed for its alumni programme which promotes networking and collaboration (Steinman 2020).

2.8 SOUTH AFRICA'S POLICY AND INSTITUTIONAL FRAMEWORK FOR SMES

The fall of apartheid in 1994 led to the emergence of the informal sector which had been systematically suppressed by nationalist policies (Rogerson 2016). The promotion of the SME sector was the new weapon that the new government advocated for to create employment opportunities, alleviate poverty and address income inequality (Matebesi 2019; Bamu, Schuckman and Godfrey 2007). As such, with this policy shift came programmes that were aimed at removing policies that were biased against black majority. This has resulted in several policies and programmes that sought to remove challenges that stifled the emergence and growth of SMEs (Irene 2017). Policy makers viewed the promotion of small-scale businesses in both rural and urban areas as the springboard to speed up the economic growth rate in third world countries (Masutha and Rogerson 2014a).

The small firms have been acknowledged as the vehicle to accelerate the growth of the economies of developing nations (Adeyele and Omorokunwa 2017). Their potential to absorb jobseekers and promote equal income distribution is massive (Page and Shimeles 2015). Estimates show that SMEs provide employment to about 22% of jobseekers in the developing nations (Matebesi 2019). This positive prospect of SMEs is considered a vital cog for the present and future economic sustainability of Africa south of the Sahara desert (Gonsalves and Rogerson 2019). However, according SEDA (2018), high failure rates have been recorded among newly created firms in the early development and most vulnerable phases of life. The vast gap between the creation and sustainable operations of SMEs is evident that is need for

serious and urgent interventions to create a favourable environment for growth (Masutha and Rogerson 2014a). Critics of SME growth initiatives argue that intervening measures are usually based on inaccurate facts and figures (Soni, Cowden and Karodia 2015). Like any other part of the world, South African, policies are focused on the potential of the SME to create employment opportunities (Masutha and Rogerson 2014a). The government has learnt from international experience that SME development and support programmes like business incubation can help to address challenges associated with mortality and closure of SMEs (Gonsalves and Rogerson 2019). The following sections discuss the government policy initiatives and steps that were taken to improve the survival rates and sustainability of SMEs in South Africa. Included in the following section are initiatives like business incubatorship, Local Economic Development Agencies (LED), financing and legislation as a support structure for SMEs. All this was undertaken to harness the economic potential of SMEs.

2.8.1 Business Incubators

The phenomenon of incubatorship is fairly new in South Africa in comparison to worldwide trends (Khuzwayo 2015). Recent positive initiatives of promoting incubators is evident in the work of Ramukumba (2014) who argued that incubatorship was a policy framework by the government to increase survival chances, increase competitiveness of SMEs and redistribute wealth. Black owned business entities have been prioritized as a way of reversing the legacy of apartheid (Lose 2016). Researchers have traced the origins and development of incubators to Western Europe and North America. Incubatorship has since been adopted globally as part of a wider policy framework to nurture innovation, development of business acumen as well as growth in the third world nations (Gonsalves and Rogerson 2019).

Business incubators are “organizations created to assist in increasing survival rates of innovative startup companies and support the entrepreneurial process” (Lose 2016). It is a systematic and an institutional setup aimed at mechanizing the nations by galvanizing the SME sector as they are geared toward accelerating growth and success of startup and early-stage companies (Ayatse, Kwahar and Iyortsuun 2017). Business incubators afford small business owners access to world class innovations, which allows them to effectively structure their enterprises and become competitive

(Lose, Maziriri, Choto, and Madinga 2017). Khuzwayo (2015) notes that incubation offers facilities and programmes designed to ensure the survival and successful development of startup enterprises. Masutha and Rogerson (2014a) also argued that successful ventures can be born out of networking and business tools and problem solving role provided by incubators (Ndabeni 2008).

All these interventions are intended to make sure that the incubators concentrate efforts in assisting in the diffusion of innovation and accelerate business creation that have the potential to foster the growth of local economies (Khuzwayo 2015; Masutha and Rogerson 2014b). The primary objective of business incubatorship is to create organisations and enterprises that will develop to a point where they are self-sustainable and profitable by hand holding the small business throughout the business journey (Madlala 2018). Thus by reducing initial investment and operating costs, incubatorship liberates the business owners to concentrate on the most important aspects of the business while being mentored the an expert (Lose et al. 2017). The incubator concept is therefore there to guide clients from business inception until they graduate ensuring growth and longevity of business operations. SEDA has been noted as the lead agency for galvanizing SMEs in South Africa (Masutha and Rogerson 2014a). The CSE at DUT is one such SEDA initiative aimed at growing the number and quality of SMEs in KZN. The development initiatives cascaded from the national government to local government. The next section will focus on local government strategies to grow SMEs.

2.8.2 Local Economic Development Agencies (LED)

When the country emerged out of the shadow of apartheid into the new democratic dispensation, governance of the country was decentralised to give municipalities the power to promote socio-economic development of the local communities (Khambule and Mtapuri 2018b). LEDs are defined as a participatory process in private and public enterprises within a defined geographical setting are encouraged to form partnerships and participate in mutually beneficial social dialogue (Mthimkhulu 2015). LED gives the local stakeholders the freedom to come up with and implement a growth policies and strategies for the equitable utilisation of local resources and abilities. South Africa post-1994 was preoccupied with fighting poverty, joblessness and general inequality and SMEs were used as a weapon to fight these ills (Khambule and Mtapuri 2018a).

SMEs development in local government exemplifies LED strategy that was aimed at aims, among other priorities, to achieving the institutional mandate local government to accelerate economic growth at a local level which is beneficial to the local populace (Nkwinika and Munzhedzi 2016). The White Paper on Local Government (Department of Provincial and Local Government, 1998) further commanded local government to focus their resources on growth initiatives by working together with local people to improve their livelihoods by creating employment while being socially responsible (Khambule 2019). However the LEDs have met some challenges and have somewhat failed to achieve the desired results (Khambule 2019). The next section will look at financing as a strategy to help the SMEs to survive.

2.8.3 Financing

Lack of access to finance is one of the major issues that has been attributed to SME failure. The government had to address this area by coming up with several initiatives. The government had inherited an SME economy that had been suppressed for a considerable amount of time (Mbuli 2008) and thus had to do something to reignite the growth of SMEs. The government created many agencies like SEDA and SEFA at both national and provincial to provide funding to the SMEs (Fatoki 2014b). Rogerson (2004) posited that the 1995 white paper entitled '*A national strategy for the development and promotion of Small business in South Africa*' set the tone for the financial support of SMEs. The cabinet voted for the biggest allocation of money to the SME development in 2002 (Rogerson 2004). The cabinet of South African has, since 2009 has attempted to solve the problem of late payment by government departments by setting up the parameter in which the service providers especially small enterprises must be dealt with.

The government pledged to go into partnership with the private enterprises to pool together resources and capital to bolster and develop the SME sector (Bailey 2019). To demonstrate its commitment to the SME sector, the government announced the creation R2.1 billion venture capital during the 2018 budget allocation (Bailey 2019). Besides access to finances from banking institutions, the other most important and available source of external funding is trade credit. However the SMEs do not get favourable terms as they are 'squeezed' by the suppliers. (Amoako, Akwei and Damoah 2020). Although trade credit serves as a source of funding for small

enterprises in the retailing sector and enhances profitability and growth, the delay in payments entail risks (Cowton and San-Jose 2017). Legislation becomes a major part of dealing with red tape that delays in dealing with SMEs and thus the next section deals with legislation.

2.8.4 Legislation

Section 38(1) (f) of the Public Finance Management Act mandates that office bearers are to settle all contractual obligations and pay all the dues, including interdepartmental claims, within the recommended time. Tsotsotso et al. (2018) observed that SMEs can also make use of SEDA's SME payment assistance hotline to get assistance in an attempt to resolve challenges pertaining to non or late payment from government departments (Mojapelo 2018). As a way of trying to solve the problem of access to credit by SMEs, the government promulgated The National Credit Act to pave the way for the regulation of SME credit provision. The acknowledgement of developmental arrangements as a particular class of credit agreements that receive preferential treatment is a laudable step for SMEs (Bamu, Schuckman and Godfrey 2007).

In prioritising the development of small businesses a priority, the focus of the government is to create employment, fight against poverty and opening up the economy for the participation of its citizens (Dikgwatlhe 2014). Tsotsotso et al. (2018) observed that the 1995 White Paper on the National Strategy for the Development and Promotion of Small Business, the government pledged to come up with interventions to forge a favourable climate in which small businesses can participate in the development of that national economy together with larger organisations. The proclamation of the National Small Development Act of 1996 was a major development for the recognition of 'survivalist' and micro-enterprises as major contributors to the local economies and thus their survival was prioritised by the government (Rogerson 2016).

The BBBEE policy that was meant to recognise and create business opportunities for black majority in the mainstream economy of the country (Krüger 2011; DTI 2003). The integrated plan on the promotion of small enterprises and entrepreneurship which was launched by the DTI in 2003 was evidence of the government's commitment to supporting the growth of the SME sector (DTI 2003). This initiative was meant to foster

conditions favourable for SME growth by availing financial and support services. Efforts were also made to reduce regulatory constraints which are burdensome to the small enterprises (Nieuwenhuizen 2019). The major objective of the strategic plan was to deal with policies and procedures that stifled the growth of SMEs (DTI 2003).

The government also came up with legislation that provides for the creation of small enterprise support agencies, like SEFA and SEDA and guidelines for all state departments of the state to prioritise small enterprises when performing its duties (Tsotsotso et al. 2018; Dikgwatlhe 2014). The aim was to develop an enabling environment for small firms to thrive sustainably through government assistance regardless of the present economic difficulties (Tsotsotso et al. 2018; DTI 2013) and to ensure integration of regulatory initiatives and interdepartmental collaboration (Rogerson 2016).

The Preferential Procurement Regulations, which became effective on the 1st of April 2017, ushered in new and meaningful opportunities for SMEs to partake in state procurement processes by obligating that if it was possible to subcontract for a contract above R30 million, state departments must apply subcontracting to improve chosen groups such as exempt micro businesses, qualifying cooperatives and small businesses (Quinot 2018). The point of departure for SMEs who had an interest in doing business with the state was to be registered on the central database of suppliers (CSD) (Mojapelo 2018). The CSD keeps a record of individuals, entities and institutions that have the capacity to do business with the government. Moreover, the South African government maintains an e-tender portal (www.etenders.go.za) which provides a unified point of access to tender information supplied state departments at all spheres of government. SMEs are therefore able to access vital business information on this portal (Mojapelo 2018).

2.8.6 Commentary

Proponents of government intervention in small business development argue that first, the intervention is critical in addressing market failure which inhibits small business growth and consequently, their ability to create jobs and income (Tsotsotso et al. 2018). Despite the noble intentions of the government, Lekhanya (2016) notes that some dissenting voices argue that South Africa is yet to come with an enduring business model for SMEs. They further argue that policy makers are not sure of what

step to take to transform informal businesses into dynamic businesses that can be integrated into the formal economy.

2.9 CAUSES OF SME FAILURE

Upon review of the Lussier model, Teng, Bhatia and Anwar (2011), discovered the variables that can influence the survival or closure of small enterprises. These include inadequate venture capital; the calibre of staff employed in a firm, level of education of and age the owner, partnerships with other businesses, marketing expertise, availability of external consultants, strategic plan, experience of the managers, marginalised business owner, experience in the industry, parents owning the business, financial control, timing of the product and record keeping. Failure to fully comprehend these factors may lead to the demise of small firms. Findings by Fatoki (2014a) pointed out factors like crime and corruption, a weak education that does not encourage entrepreneurship, a weak legal system that does not enhance property rights and enforcement of contracts. Corruption and '*tenderpreneurship*' has reached alarming levels in South Africa in comparison to other nations. According to the Global Entrepreneurial Monitor (GEM) report, corruption and crime are the major obstacles to the development of SME South Africa (Sitharam and Hoque 2016).

Despite the persistent support and commitment from the government commitment, the intended impact, anticipated or desired by policymakers has not yet been felt by South African SMEs (Masutha and Rogerson 2014a). Instead, the South African SME sector continues to shrink (Gonsalves and Rogerson 2019), for example KZN experienced a decline rate of 10.7% between 2008 and 2015 (BER 2016). South African SMEs have not fulfilled their potential when it comes to employment creation because of a number of obstacles (Ramukumba 2014). The GEM of 2011 gave South Africa's a score of 9.1% when it comes total early-stage entrepreneurial activity (Masutha and Rogerson 2014a). However, this rating is way lower in comparison to other developing countries like Malaysia, Brazil. A dynamic population that sees formation and closure (churning) of SMEs can be important for aggregate productivity growth; however, too much churn can reflect firm failures and industrial weakness (Ramukumba 2014). This makes it important to understand the dynamics of firm survival and growth and, while there is a growing body of literature on the topic, there is limited coverage of developing economies because of data limitations (Dunne and Masenyetse 2015).

Factors from within and outside of the business make up the business environment and they have a great effect on the existence and development of the enterprise. The business environment therefore very important in the development of SMEs (Sitharam and Hoque 2016). Lekhanya (2016) broadly recognised two categories of factors that can affect SMEs into two categories, namely, internal, and external factors. According to Sitharam and Hoque (2016), the interplay between these two factors are of paramount importance for SME development. A review of the literature on emerging economies led to the conclusion that many government policies and resource allocation in support of small firms lacks the prerequisite understanding as to why small enterprises do not make it beyond the survival (Lekhanya 2016). Several obstacles that contribute to the closure of SMEs at an early stage have been identified. Although this is not the main crux of this research, this matter warrants investigation.

2.9.1 Entrepreneurial and Technical Skills

Although SME growth is vital for establishing enduring overall economic growth, the sector is experiences high mortality rate due a shortage of technical and entrepreneurial knowhow that is valuable in the business arena (Worku 2013). A review of scholarly work by (Worku 2013) discovered that superior and well-proven entrepreneurial skills are vital for the establishing of a viable SME sector globally. Business owners who are lacking in entrepreneurial knowhow must strive to acquire the knowledge to improve their capacity in business leadership. This has been identified as one of the main reasons why small enterprises are not developing in the third world countries even though the receive government support (Sitharam and Hoque 2016). Stankovska, Josimovski and Edwards (2016), also found out that adopting new technologies and systems is usually enhanced or hampered the level of knowledge and technical acumen which may subsequently lead to the demise of SMEs. Sitharam and Hoque (2016), observed despite the great advancement and ubiquity of technology globally, SMEs are still struggling because they have not implemented any of the available technology. Lack of financial resources to employ skilled workers meaning that the small enterprises cannot develop core capability which will in turn lead to a competitive advantage (Ayandibu and Houghton 2017b). On the same theme, Sitharam and Hoque (2016) asserted that the entrepreneurs had very little knowledge on financial matters thus the business were doomed to fail from

the beginning. To fill the knowledge gap, some businesses have shown willingness to hire more people, however they are held back by regulations on minimum wages, thus failure becomes eminent (Ayandibu and Houghton 2017b).

2.9.2 The Regulatory Environment

The other reason why SMEs fail is attributed to bureaucracy and an overregulated business environment. The prolonged business registration procedures, complicated licensing process and burdensome tax systems are some of the factors that stifle growth (Ministry of Small Business Development 2015). The government has done a lot of work to help the small businesses but the DTI noted that lack of interdepartmental cooperation and duplication of duties is a big impediment to the creation and sustainability of SMEs (SEDA 2016). Some of these policies actually end up stifling the growth of SMEs (Sibiya and Kele 2019). Tax compliance is one of the regulations that places an unfair burden on the SMEs. The costs of compliance are time consuming and expensive thus SMEs choose to remain informal by not registering their businesses (Naicker and Rajaram 2019).

2.9.3 Financing

Access to finance is one of the major difficulties that start-up businesses have to overcome for them to grow (Sitharam and Hoque 2016; Bamu, Schuckman and Godfrey 2007). A report by SEDA (2016) noted that major South African banks are less inclined to financing start-up organisations, they would rather finance them at the later stages. This poor access to finance has a negative impact on profitability. Sitharam and Hoque (2016) enunciate that the difficulty of accessing finances is further compounded by financial crisis and unforeseen events such as covid-19 outbreak which shook the financial markets (Bruwer, Hattingh and Perold 2020). The report from the Ministry of Small Business Development (2015), indicated that limited access to credit was singled out as one of the variables hindering small enterprises' potential to develop into large organisations. The minister reiterated that the ministry was ready to come up with policies that will help the SMEs to access finance and form partnerships with the private sector to ease the plight of small firms (Ministry of Small Business Development 2015). Despite the efforts of the government to provide funding, the underlying problem is that the SMEs do not know where to access the funds.

This problem is exacerbated by late payment by government departments for tenders that have been awarded to small businesses. For Mojapelo (2018), delayed payment is one of the major grounds why SMEs shy away from dealing with any sphere of the government. The despicable practice of late disbursement of payments, especially by governments, not only stunts the growth of SMEs, but often leads to closure of many businesses (Bailey 2019). Late payment negatively impacts on business performance because it raises costs associated with venture capital, cash reserves are depleted, it increases the cost of collections, leads to loss of jobs and losses are inevitable (Bailey 2019).

2.9.4 Infrastructure

Poor infrastructure, most notably transport, energy and Information and Communication Technology (ICT) are key obstructions to business development. Access to such facilities is vital for the growth of existing and creation of new SMEs (SEDA 2016). These are enormously additions to the cost of doing business (Ministry of Small Business Development 2015). Ayandibu and Houghton (2017b) weighed in by arguing that most South African SMEs suffer from being underfunded and dilapidated infrastructure which is expected to be availed by the state. This kind of infrastructure is exorbitant for emerging enterprises to acquire and manage (SEDA 2016).

2.9.5 Globalisation and Access to Markets

The global trading environment has evolved such that the small enterprises can no longer pride themselves as domestic market champions. It is no longer a choice but a business requirement for small businesses to become involved on the global market (Sitharam and Hoque 2016) to avoid domestic saturation and limitations in the local market (Sibiya and Kele 2019). Limited access to markets especially for rural based SMEs is a serious constraint to SME competitiveness and success (SEDA 2016). Small firms are further stifled by lack of productive capacity and technical expertise to meet the standards of the global markets. They are also finding it difficult to compete on the domestic markets because the markets are flooded by cheap imported goods (Osano 2019). It was asserted by Sitharam and Hoque (2016) that failure to participate in the international markets can be fatal mistake for modern day businesses,

irrespective of size. Chances of success are higher when businesses go across national frontiers. However, going global is not without its problems for the small enterprises (Sitharam and Hoque 2016).

2.9.6 CRM: A reason for Failure

CRM has often been hyped as a tool to gain competitive advantage in the market (Amalnick and Zadeh 2017) but it can also be a reason for SME failure if it is not properly implemented. There is overwhelming consensus that CRM is a strategic imperative, but scholars and CRM practitioners have noted with concern that the return on investment on CRM initiatives vary across industries and organisations (Junkala 2017). In fact, the increase in the number of failed projects is frightening (Ali, Ishaya and Hassan 2015). Organisations have at times experienced budget overruns and sales targets have not been achieved. CRM efforts have been totally abandoned in some cases (Zerres and Zerres 2016). Pedron et al. (2016) concurred with the above notion and further pointed out that 60% of CRM initiatives end up in failure, and that 69% of projects do not meet the organisational expectations. Research studies have made it clear that firms that lack thorough understanding of what CRM initiatives entail has resulted in a lot of abandoned and failed projects (Zerbino *et al.* 2018; Junkala 2017). CRM can be a reason for SME failure if it is regarded solely as a technological tool and not as a strategy (Ahani, Rahim and Nilashi 2017a). Further to that, Elbeltagi, Kempen and Garcia (2014b) noted that assuming that more technology is better is another cause for CRM failure. Most organisations fall into the trap of not wooing customers by trying to establish relationships with disinterested customers and they end up losing them to competitors (Huang *et al.* 2015). CRM is bi-directional, it has to work for both parties involved. Rolling out software before changing the organisational culture coupled with implementing software before creating a customer strategy has often resulted in failure (Elbeltagi, Kempen and Garcia 2014b). The seven deadly sins of CRM advocated for by Kale (2004) have also been noted as the reason for CRM failure. The TOE factors can also be the reason why some SMEs have failed. However, it must be noted that this section has only highlighted the fact that CRM can be the reason for SME failure, further details are provided in the CRM section below. The researcher is encouraged by conclusions drawn from Rigby, Reichheld and

Schefter (2002) who argued there is hope that, even if organisations have been unsuccessful at implementing CRM. The promises of CRM are too good to ignore.

2.10 CHAPTER SUMMARY

The review of literature has highlighted the fact that SMEs are of paramount importance for the economic and social development of any nation. However, there are numerous definitions of the small business governed by geographical location. Most definitions are socially, politically, and economically charged due to the important role they play in both emerging economies and first world countries. SMEs face considerable challenges for survival, and governments all over the world have enunciated policies to assist them to survive, grow and thrive. Failure to attract and retain customers is one of the factors that may affect SME survival. An investigation of factors that influence the adoption and implementation of CRM strategies by SMEs will be carried out in the next chapter.

CHAPTER 3: REVIEW OF CRM LITERATURE

3.1 INTRODUCTION

The final section of the previous chapter focused on the challenges faced by SMEs in their quest for survival. It should be noted that these challenges have received considerable attention from various schools of thought. As also noted above, very little has been done in the context of SMEs and CRM. This chapter will explore the notion of CRM, from definition, models, and components to adoption and implementation factors. The chapter concludes by focusing on CRM in the context of SMEs.

3.2 UNDERSTANDING THE CONCEPT OF CRM

The earliest forms of CRM can be tracked down back to early forms of civilisation and trade (Payne and Frow 2006). Traders had developed very close personal relationships with their customers such that they knew their buying patterns and how much they were willing to spend (Starzyczna, Pellešová and Stoklasa 2017). Efficient and mutually beneficial relationships were born out this thorough understanding of the customers (Garcia, Pacheco and Martinez 2012). A good example was when ancient Portuguese and Roman traders had new goods and spices acquired from a new colony, they would only offer them to their best customers. They would then get feedback from the customers as to whether they were happy with the offering of goods provided to them. In many cases, the customers would order more goods; thus, the customer was happy with the goods and the traders had good returns. This can be said to be the earliest form of CRM (Junkala 2017).

However, understanding of customer needs was eroded the rapid and continuous movement of people, growth of cities, industrialisation and the commercialisation scope was increased (Garcia, Pacheco and Martinez 2012). There were fundamental changes to the shopping process such that the quality time spent shopping was taken away by a hive of activities that now characterised the life of the customers (Chen and Popovich 2003). This development, according to Garcia, Pacheco and Martinez (2012), was disastrous for the business and the client in one way or the other. The individual touch with the customer was lost, meaning that they were now mere 'account numbers' and shop owners intimate knowledge of the individual customer's

needs was lost as the market became flooded with various goods and services (Chen and Popovich 2003).

A review of literature shows that many organisations today are in a race to reconnect with both the old and new clients and develop loyalty towards one another (Galvão *et al.* 2018; Sota *et al.* 2018; Elbeltagi, Kempen and Garcia 2014a; Garcia, Pacheco and Martinez 2012; Chen and Popovich 2003; DeFazio 2003). Some organisations have harnessed various forms customer relationship marketing strategies supported by technology to effectively compete and win customers and keep them for a long time (Chen and Popovich 2003). The concept of CRM was perpetuated by the uniqueness of customers in terms of preferences and taste. There would be no need for CRM if all customers were the same (Athanasoulas and Chountalas 2019).

A plethora of scholars have argued that the concept of CRM is still fresh and uncharted (Hassan, Mohamed Haniba and Ahmad 2019; Galvão *et al.* 2018; Junkala 2017; Garcia, Pacheco and Martinez 2012). Although the term CRM is fairly recent (Marolt 2018), the proposition of the term are not (Payne and Frow 2006). Athanasoulas and Chountalas (2017) argued that during the 1980s, organisations practised what was known as database marketing; that is, companies began using databases to track existing and potential customers. While this began in the 1980s (Cambra-Fierro *et al.* 2017), the concept only became popular in the 1990s (Athanasoulas and Chountalas 2019; Starzyczna, Pellešová and Stoklasa 2017), due to the explosion of IT (Athanasoulas and Chountalas 2017; Askool and Nakata 2010; Almotairi 2009). They further argued that the concept of CRM contracted in the early 2000s due to the 'dotcom' bubble burst. However, it was rekindled when new, simple, inexpensive, bespoke operating systems were released into the market (Athanasoulas and Chountalas 2017). The term CRM became the most popular term for front-office applications.

Conventionally, the role of dealing with the customer after the sale was assigned to sales representative or the frontline staff of the organisation, through surveys to gauge satisfaction levels of customer or customer complaints (DeFazio 2003). However, customers' behaviour has been altered. Customers are now taking a leading role in making sure that they get the best quality of product or service at a reasonable price (Galvão *et al.* 2018). Roopchund (2019) postulated that customers are actively

participating in the value creation process that reaches them from active engagement from the marketing department, consequently, it has far reaching effects on the organisational strategy. He concluded that, this led to the development of closer and personalised relationships between the enterprise and the customers. CRM therefore offers a way to dynamically enhance the understanding of customer needs and behaviour (Athanasoulas and Chountalas 2017).

Recently, after-sales service has fallen within the CRM programme. According to Thakur and Summey (2005), many organisations have realised the need for an integrated and thorough understanding of the customer to foster effective and efficient cooperation as well as identifying profitable lifetime. CRM therefore equips the organisations with the tools to personalise products to satisfy their individual needs (Amalnick and Zadeh 2017). CRM therefore comprises a set of principles and operating systems that support the strategy of the organisation to build lifetime profitable relationships with selected clientele (Ling and Yen 2001).

Organisations that invest in CRM programmes endeavour to develop CRM capabilities and leadership skills to equip their employees to help influence an increased return on investment. CRM unites the potential of relationship marketing (Galvão et al. 2018) and information technology strategies to get a better understanding of the client to co-create value with the express aim of developing long-lasting profitable relationships (Damayanti et al. 2019; Junkala 2017).

This technical decision-making process therefore, incorporates methodologies, operating systems and capabilities of the internet to zoom in on the specific needs of the customer and to holistically manage relationships with the customer (Athanasoulas and Chountalas 2017; Rahimi 2005). CRM brings together the potential of IT and relationship marketing principles to create valuable, lifetime relationships with major stakeholders and customers (Mezghani and Almansour 2019; Cruz-Jesus, Pinheiro and Oliveira 2019). Almotairi (2009) further argued that the decline in customer loyalty and an increase in competition has necessitated the need for new strategies to woo the customers and starve off competition by delivering personalised services and goods. The past decades have proven CRM to be a vital tool in improving organisational profitability. CRM therefore enables the organisation

to single out profitable customers to meet and exceed their expectations to forge an enduring relationship with the firm (Amalnick and Zadeh 2017).

Elbeltagi, Kempen and Garcia (2014a) advocated for a shift away from transactional marketing to long-term profitable relationships that encourages repeat purchases. In juxtaposition to traditional transactional marketing, the development of long-term relationship and customer retention are the principles on which modern day marketing philosophies are based (Fjermestad and Romano 2003). It was noted that CRM is revolutionary in many ways, however, it must be acknowledged that CRM is also a predictable and natural extension of the evolution of the sales and marketing function over the years and has come full circle (Ling and Yen 2001). Further to that Payne and Frow (2006) argued that this paradigm shift was the genesis of the development of CRM which was aimed at creating mutually beneficial partnerships for both the entrepreneur and client. This win-win relationship can be achieved through the provision of cost-effective, enough products for all the customers using the most suitable means at the right time at (Garcia, Pacheco and Martinez 2012). This relationship proposition can further be strengthened by encouraging symbiotic relationships and repeat sales to the customer (Roopchund 2019; Amalnick and Zadeh 2017).

The ultimate aim of CRM is to develop sustainable, long-term relationship with a few chosen clientele. Rahimi (2005) averred that CRM can be viewed as a means to an end; that is, to gain an advantage over competitors, especially from the angle of managing relationships with the consumer and providing better customer service. The purpose of CRM, according to Mezghani and Almansour (2019), does not end with customer retention but also deals with the selection of the desired customers, satisfy their needs and encourage repeated utilisation of the product or service. This approach to relationship management therefore acknowledges the critical aspect of customer retention over a lengthy period (Alves, Campón-Cerro and Hernández-Mogollón 2019). Athanasoulas and Chountalas (2017) added that CRM is seen as a holistic approach that flawlessly integrates all customer interface activities and support services within the organisation to maximise on relationships within the supply. Therefore, CRM is seen as dictating how an enterprise increases the values of interaction to maximise return on investment.

CRM emphasises on customer involvement in developing enduring relationships so that the organisation can ascertain the individual customer needs, retention of existing clientele, as well as attracting new customers by to more value for the customer (Amalnick and Zadeh 2017). The major reason for managing and upholding associations with customers is to generate devotion and ultimately retention (Harrigan, Ramsey and Ibbotson 2012a). They further noted that the two main components of CRM are technology and marketing related activities. Effective communication with clients enables the continuous relationship building process, while acquisition and analysis of customer information propels effectual CRM systems by developing important customer insights (Cambra-Fierro et al. 2017). According to Alves, Campón-Cerro and Hernández-Mogollón (2019), the heterogeneity and intangibility of services in sectors like tourism makes the management of relations with customers vital. This organisations dependent on the quality of relationships for survival. The challenge therefore is to understand why customers choose to stick with one organisation. The quality of the relationship therefore becomes a key driver.

CRM is thus premised on Mahatma Gandhi's mantra that the customer is the most important person in the business. Bashir (2017) took the argument further by postulating that CRM is field of business that is founded on the philosophy that 'customer is king', that is, customer is major component for any business. Sianipar et al. (2018) reinforced the idea by stating that the major aim of any enterprise is value creation for its customers. Value creation improves the association with customers by recognising their unique needs and to retain them by offering products of high value and offering good deal to prospective customers. This therefore reduces maintenance costs while increasing the bottom line (Bashir 2017).

CRM focuses is on a niche of market rather instead of the whole market segment (Galvão et al. 2018). Sweeney and Webb (2007) cited by Sianipar et al. (2018), argued that customers derive psychological, social and functional benefits from CRM programmes. To achieve the profit maximisation objective, target consumers are carefully selected and reached out to before the product is developed to identify the customer needs. This ensures that the product meets the needs of the clients while the firm makes profit (Chaudhry et al. 2019). It was noted by Thakur and Summey (2005) that customers generally vary in terms of profitability. In addition, incentives

and organisational support structures are paramount for the organisation to achieve its objectives (Galvão et al. 2018).

One school of thought argued that organisations needed to recognise what they coined “two faces” of CRM. The technology-driven solution to sales which has its roots in North America, emphasises the effective flow of information between the organisation and the customers seeks to streamline process while reducing the cost margins (Nguyen and Waring 2013). It zeroes in on acquiring new customers and developing relationships with future customers. The other version is the “Nordic School” or “Scandinavian and Northern European” which emanates from marketing field centres on the development and exploitation of enduring long-term association with the consumers. Customer retention and loyalty are the hub of this CRM process (Nguyen and Waring 2013).

Growth in business and the advent of technology has further expanded the notion of CRM to include the adoption of a strategy to capture customer data and convert it into valuable information for guiding activities such as the creation of personalised promotion plans and effective communication packages that are woo, reward and keep customers (Venturini and Benito 2015). CRM operating systems therefore represents an enterprise approach to developing an in-depth understanding of how customers behave so as to develop philosophies and programmes that inspire the growth of long-lasting relationships (Thakur and Summey 2005). On the other hand, companies are seeking ways to be market leaders and to maximise the return on investment for the shareholders (Sianipar et al. 2018). The competitive advantage can only be sustained by the conscious creation of value for the customers and maintenance of the relationships (Pohludka and Štverková 2019).

Many organisations had the belief that CRM was only concerned with the acquisition and retention of customers. However competition and the exchange process is dynamic which has necessitated the need to develop lie-long relationships for the benefit of all parties involved (Šebjan, Bobek and Tominc 2014). According to Galvão et al. (2018), companies now resort to the extensive use of modern technology communicate and keep track of their clients. This requires bilateralism to reduce failure during the implementation phase of the new system and acquisition of services and goods by customers to meet their needs (Thakur and Summey 2005). Efficient,

marketing oriented CRM should enable the enterprise to get patronage and establishment of enduring relationships with consumers (Athanasoulas and Chountalas 2017). Bohling et al. (2006) and Athanasoulas and Chountalas (2017) envisaged the scope of CRM as an organisation-wide philosophy: strategy: management of value creation for both parties; the intelligent utilisation of technology and information; the acquisition and diffusion of customer information to the relevant stakeholders; and the development of ongoing relationships with a chosen specific group of customers.

One school of thought regards CRM as a customer-centred organisational strategy which states that we must anticipate and develop an in-depth understanding of consumer needs (Meyliana, Hidayanto and Budiardjo 2016). Customer experience and satisfaction is enhanced by the development of by customised good and services to meet their needs The other school views CRM as a tool to develop a relationship and propagate loyalty (Galvão et al. 2018). This will culminate in the integration process across various departments of the organisation and network of enterprises that collaborate to create customer value. Sin, Tse and Yim (2005) argued that accurate customer data is vital in effective CRM performance and, therefore, the pivotal role played by technology in adding to organisational intelligence should not be overlooked.

Bohling et al. (2006), postulated that CRM is the process of attaining and upholding long-term relationships with consumers across various customer interaction points through differential and designed treatment of individual clientele based on their potential response to different marketing programmes to contribute to the profit line of an organisation. According to Thakur and Summey (2005), CRM is an important weapon that can be utilised to identify the correct groups of customers the organisation should keep and the ones to let. It is paramount to emphasise the development of customer value, as well as the favourable traits connected to those taking part when seeking to develop long-lasting associations (Roopchund 2019; Galvão et al. 2018).

Organisations endeavour to enhance attraction and retention of consumers through the adoption of CRM strategies (Galvão et al. 2018). CRM effects demand the evaluation of all procedures and systems that indirectly or directly impact on consumer relationships to streamline them for efficient interaction with the clients (Rigo et al.

2016). This customer-oriented strategy is adopted by organisations to make sure that the frontline staff has a thorough understanding of customer needs by aligning their efforts with the customer-oriented strategy of the organisation (Chaudhry et al. 2019). The basic focus is enhancement of customer satisfaction. Chaudhry et al. (2019) believed that such a customer-oriented strategy frequently utilises customer feedback to realign their strategy to increase the number of happy customers. This therefore empowers the organisation to recognise and meet clients' needs in a special way that outdoes their rivals. The firm derives benefits such tailor-made products and the potential to develop lifelong relationships founded on repeat sales from CRM (Roopchund 2019).

The ultimate goal of CRM is to improve customer experience and gratification by customising goods and services to their demands. Retention of existing customers is believed to be cheaper than attracting new ones and this has a significant impact on organisational profitability (Bahri-Ammari and Nusair 2015). In line with the above, Alves, Campón-Cerro and Hernández-Mogollón (2019) argued that survival in today's competitive markets can be achieved through maintaining ongoing relationships with customers. Adoption of customer-focused strategies positions organisations to recognise the needs of the customers, to revolutionise their systems and to customise their goods and services accordingly (Chaudhry et al. 2019). In addition, Junkala (2017) stated that the organisation must anticipate the need of the customer by developing an organisational strategy that is tailored to the needs of each market segment.

When properly implemented, CRM is assumed to positively influence organisational performance and to enhance organisational competitiveness (Galvão *et al.* 2018; Elbeltagi, Kempen and Garcia 2014a). Continuous improvements in IT, access to huge amounts of customer data and the ever changing business environment have influenced the evolution of CRM to its current state (Ali, Ishaya and Hassan 2015). Askool and Nakata (2010) noted that CRM is pointless if it does not add any value to the organisation. However, they were of the belief that CRM as a business concept mainly focused on consumer relationships than products. In the customer's eyes, a good CRM programme is one that completely fulfils their needs such that they do not have to think of any other competitor (Junkala 2017). According to Garcia, Pacheco and Martinez (2012), IT is the most vital initiator for CRM under a simple and instinctive

concept that seeks to attract new clients, develop an in-depth understanding of the customer, give them the best service, and anticipate their future needs and desires. This is augmented by findings of a survey conducted in Holland which showed that customers are not interested in extra offer if they are not satisfied by the main product (Elbeltagi, Kempen and Garcia 2014a). There has now been a total change of perception of CRM from a few years back, the customer is now dictating market offerings (Junkala 2017).

3.3 DEFINITION OF CRM

CRM is widely accepted in the professional circle, however there is no unanimity when it comes to defining the concept (Amalnick and Zadeh 2017; Askool and Nakata 2010). Despite the phenomenal evolution, the concept of CRM is still incomplete and growing (Athanasoulas and Chountalas 2017). The problem is exacerbated by the fact that CRM is relatively a new discipline (Elbeltagi, Kempen and Garcia 2014a; Rahimi 2005). Scholars have claimed literature does not provide a meticulous meaning of CRM thus there is continuing debate as to what it entails (Rahimi and Gunlu 2016; Venturini and Benito 2015). What really constitutes a CRM programme remains elusive. Another logic for the complexity in defining CRM arises from the fact that it is multidimensional (Junkala 2017). Even though CRM is a fairly new concept (Rahimi 2005), several reasonable definitions were provided through the years in an effort to encapsulate the meaning of this multidisciplinary term (Cruz-Jesus, Pinheiro and Oliveira 2019; Athanasoulas and Chountalas 2017; Askool and Nakata 2010).

An agreed and precise meaning of CRM is needed regardless of the raging debate. Even though CRM can be viewed from different perspectives, CRM thus needs to be defined in a holistic way (Mezghani and Almansour 2019). A thorough review of literature by scholars has identified forty-five distinct definitions. Further literal analysis of the identified conceptualisations eventually isolated five common elements and recurring themes among them (Amalnick and Zadeh 2017). According to Amalnick and Zadeh (2017), the definitions were eventually classified into five categories such as philosophy, technology, process, capability and strategy. Traditional CRM is viewed as set strategies, systems, philosophies supported by technology to efficiently and effectively manage the interactions between organisations and its customers to develop and maintain profit maximisation portfolio of consumer relationships (Bahri-

Ammari and Nusair 2015; Nguyen and Waring 2013). CRM can also be interpolated to as a customer-centred business strategy. Garcia, Pacheco and Martinez (2012), argued for a much broader meaning of CRM stating that it has diverse meanings depending on one's point of and it can be implemented in various ways.

According to Garcia, Pacheco and Martinez (2012), CRM is related to the philosophy developing offers guided by how customers behave in the market and demographic features of some organisations, while other organisations interpret it as a simple act of changing the appearance of their website based on the profile of the consumer and product preferences. Sin, Tse and Yim (2005), are of the notion that CRM is a multidimensional concept that consists four main behavioural constituents such as, information management, focus on key customer, CRM organisation and technology based. This augers well with the idea that fruitful CRM is predicated on taking care of four major issues, that is, processes, technology, people, technology, and strategy and that an effective customer philosophy can only when all four are part of the process (Sin, Tse and Yim 2005).

Multiple perspectives of CRM can be gleaned from literature (Roopchund 2019; Amalnick and Zadeh 2017; Payne and Frow 2005). In general, CRM is made up of a combination of technologies, philosophies and business practices that endeavour to ascertain the behaviour and characteristics of the customer to retain them and improve sales performance (Sota et al. 2018; Amalnick and Zadeh 2017). It can also defined as business activity which helps the organisation to create and develop profitable lifetime relationships (Roopchund 2019). Mezghani and Almansour (2019), considered CRM to be strategic approach that seeks to develop sustainable relations with key consumers with the aim of enhancing shareholder value. Selection of niche customers is an important feature of CRM which allows enterprises to differentiate their consumers based on their shopping behaviour, preferences, sensitivity to pricing and profitability (Amalnick and Zadeh 2017).

CRM can be described as a general process of creating and refining interactions between organisations and consumers with a view to maximising the overall customer satisfaction and lifetime value (Roopchund 2019). Lifetime value is defined as the current value of the profits the company will make through doing business with a given customer. Consequently, it is vital to propagate a long-lasting relationship with the

clients to develop emotional attachment, an in-depth knowledge their needs and develop a value proposition (Kumar and Reinartz 2016). The emotional element of CRM entails developing a bond and building trust between the business and consumers to influence repeat purchases (Kumar and Reinartz 2016). CRM can be viewed as an organisational strategy that is enabled by IT to improve revenue flow, the level of satisfaction by the customer, organisational profitability by restructuring the business philosophy to be customer-focused (Damayanti et al. 2019). CRM therefore combines the potential benefits of ubiquity IT and relationship marketing philosophies to create sustainable lifelong associations with consumers and other important stakeholders (Meyliana, Hidayanto and Budiardjo 2016). Some scholars have suggested a rather narrow perspective that limits CRM to the analysis of database marketing promotional (Roopchund 2019; Starzyczna, Pellešová and Stoklasa 2017).

Bashir (2017), described CRM as a process that deal with data collection, processing, analysis, storage and managing of customer information guided by the organisational strategy, policies and procedures. Roopchund (2019), in turn explained that CRM is concerned with the identification of customer needs and influencing their buying behaviour through the optimum communication channels. This work is done by constantly studying the product range on the market, foster a health relationship and satisfy customer needs (Bashir 2017). It therefore entails taking care of customers by understanding their behaviour and offering them customised solutions which will in turn improve the bottom line of the organisation (Roopchund 2019).

Even though CRM has been defined in diverse ways depending on one's point of departure, however most definitions emphasise customer-centredness, applying the Pareto-principle (Pareto, 1848-1923) cited by Elbeltagi, Kempen and Garcia (2014a) which is often referred to as the principle of the fundamental few and trivial many. It contents that 80% of the results is obtained from 20% of the known variables. In other words the majority of the outcomes are derived from minority of inputs (Elbeltagi, Kempen and Garcia 2014a). Thakur and Summey (2005), suggested that a business strategy of 'fewer and deeper' was the basis for organisational growth. The Pareto-principle has been widely recognised as the pillar of CRM when it comes to identifying and developing relationships with profitable customers (Elbeltagi, Kempen and Garcia 2014a). The logic of the strategy is simple: the organisation must focus its resources on a selected few customers, develop a strong bond with them which will lead to repeat

sales thus profitability (Thakur and Summey 2005). Research findings by Thakur and Summey (2005) support the above idea that organisations derive the bulk of profit from a few valuable customers.

Different authors and authorities have come up with numerous descriptions and meanings of CRM portraying a variety of CRM viewpoints (Payne and Frow 2005). Given that the focus of this study is to examine factors that influence the adoption and implementation of CRM strategies by SMEs in order to so survive and thrive, the holistic approach of CRM definitions proposed by Payne and Frow (2005), is adopted for this research study. Thus, CRM is can be defined as an integrated approach that aims to develop an in-depth understanding of clients and is premised on consumer relationship development and customer retention (Marolt 2018). This definition is very important for this research because it takes into consideration the various factors like the organisation, technology, information culture and the environment that can influence the adoption and implementation of CRM strategies. It therefore sets the parameters and context of the research.

3.4 CRM MODELS

Literature on describes two broad approaches to CRM which are operational and strategic. The former has not been extensively researched on while the later has received a lot of attention (Elbeltagi, Kempen and Garcia 2014a). However some scholars (Cruz-Jesus, Pinheiro and Oliveira 2019) have argued that collaborative and analytical CRM can also be explored as the other approaches so as to fully appreciate the concept of CRM. Marolt (2018), reiterates the four dimensions: collaborative, analytical, strategic and operational.

3.4.1 Strategic CRM

Scholars the strategic approach to CRM as mainly concerned with improving or creating value for the shareholder by developing appropriate long-term relationships with selected customers (Pedron et al. 2016). It focuses on the development of customer-centred organisational culture to acquire and retain customers (Marolt 2018). CRM can therefore not only be considered a technological tool but can also be viewed as a way of enhancing organisational profits by developing sustainable relationships with consumers. A thorough understanding of customers current needs

and anticipation of future needs is of paramount importance (Chung et al. 2012; Wang 2008).

Elbeltagi, Kempen and Garcia (2014a), described strategic CRM as a top-down philosophy which views CRM as the hub of customer-focused organisational strategy which concentrates on the acquisition and retention of profitable customers. According to Elbeltagi, Kempen and Garcia (2014a) the term 'strategy' normally means that strategic CRM is worried about the organisational scope and direction in the long run. It is thus the core of organisational strategic management processes because it dictates how the enterprise relates with its clients for the purpose of creating relationships that add value to the organisation in terms of profitability and gaining a competitive edge in the market (Cruz-Jesus, Pinheiro and Oliveira 2019). Payne and Frow (2005), proposed framework for the development of CRM strategy, in which customers and the organisation participate in the value creation process through open and honest interaction.

3.4.2 Operational CRM

Operational CRM, concentrates on the point of interaction with customer (Starzyczná, Pellešová and Stoklasa 2017; Fjermestad and Romano 2003). Marolt (2018: 10), retorted that operational CRM deals with the automation of the customer interaction process to enhance the accuracy and efficiency of everyday customer touch point operations. Improvement in transactional accuracy through sales force, marketing and sales automation (Marolt 2018) aims at reducing bureaucracy and operating costs (Elbeltagi, Kempen and Garcia 2014a). Cruz-Jesus, Pinheiro and Oliveira (2019), add that operational CRM is enhanced by determinants to automate to improve customer service and increase efficiency of the CRM processes.

3.4.3 Collaborative CRM

The collaborative CRM focuses on the integration of all channels of communication between the consumers and the enterprise (Marolt 2018). It facilitates and coordinates all the business within the supply chain and departments within the organisation to work together and share valuable information about the customers (Starzyczná, Pellešová and Stoklasa 2017). It is the so-called management of partner relationship. The collaborative technologies include different communication channels which can

be utilised for consumers to reach out to the organisation and vice-versa (Cruz-Jesus, Pinheiro and Oliveira 2019; Marolt 2018). Included in this category are emails and face book pages.

3.4.4 Analytical CRM

The extension of operational CRM using analytical statistical tools is called analytical CRM (Marolt 2018). Analytical CRM helps the organisation to develop a thorough understanding of customer behaviour, anticipate future buying behaviour through the utilisation of business information applications such as data mining (Cruz-Jesus, Pinheiro and Oliveira 2019). Accurate and current customer should be made available to all organisational employees to support their decision-making process (Starzyczná, Pellešová and Stoklasa 2017). According to Fjermestad and Romano (2003), analytical CRM processes large amounts of customer data using technology. The intention is to develop a thorough understanding of the customer by analysing purchasing patterns and demographics to identify and build new opportunities for the firm (Liu 2015).

3.5 CRM COMPONENTS

Rahimi (2017b) noted that the three major components of CRM are technology, people, and processes. Successful CRM implementation of CRM results from the seamless integration of these three major components. In addition, maintaining the right balance between these important organisational resources enhances the chances of CRM success (Rigo et al. 2016). Organisations can therefore achieve high levels of customer loyalty, retention, and satisfaction by effectively combining and working with the aforementioned resources. (Chen and Popovich 2003). Even though there are multiple definitions of CRM, the categorisation of CRM components is widely accepted among the different schools of thought (Pohludka and Štverková 2019).

The level of CRM implementation determines the contribution to each of the three components (Almotairi 2009). However, Meyliana, Hidayanto and Budiardjo (2016), explained that CRM implementation that will deliver the best results for the organisation must integrate processes, technology and people in the context of cross-functional and organisation-wide model. Fazlzadeh, Tabrizi and Mahboobi (2011), affirms that an integrative approach towards people, processes, and technology is

more likely to yield positive CRM implementation results. Therefore, it is essential for this research to move away from the focus on software to other factors such as people, technology culture within the organisation organisational culture and process.

3.5.1 Technology

Technology is regarded as the first and fundamental resource for CRM strategy because it significantly contributes to the enhancement of the business and organisational processes (Rigo et al. 2016). In the field of CRM, the computing capabilities that allow the organisation to accumulate, organise and save information about its clients is referred to as technology (Meyliana, Hidayanto and Budiardjo 2016; Almotairi 2009). Dramatic improvements in organisational performance are enabled by technology which is a tool used to redesign the business processes (Cruz-Jesus, Pinheiro and Oliveira 2019; Chen and Popovich 2003). Cruz-Jesus, Pinheiro and Oliveira (2019); Rahimi (2017b); Almotairi (2009) reiterated the organisation develops sustainable relationships with the customers when it integrates technology into the marketing philosophy. Technology therefore provides a clear picture of customer. In agreement with the above Chen and Popovich (2003), avers that CRM innovations take full advantage of improvements in technological to effectively communicate with consumers and supply chain partners, to acquire data and synthesise it to develop predictive models and timeously respond to the needs of the customer by developing customised goods and services.

The organisations can gain a 360 degree view of customers' purchase behaviour and anticipate future needs by effectively utilising of technology to interact with consumers (Almotairi 2009; Chen and Popovich 2003). For an organisation must first address the issue of internet connectivity to successfully combine IT concepts such as process automation, data mining and warehousing, communication channels and software (Almotairi 2009; Mendoza et al. 2007). Therefore, the organisation must understand the kind of technology that is appropriate to the firm and how it supports the CRM strategy within the paradigm of CRM implementation (Meyliana, Hidayanto and Budiardjo 2016).

3.5.2 People

It has been noted that business processes and technology are very important for the success of CRM applications, it is the organisational workforce that is regarded as the foundation on which consumer relationships are built (Rigo et al. 2016; Chen and Popovich 2003). Employees especially those who interact with the clients on a daily basis like vendors, call centres and service attendants have a fundamental role to play in the building and maintenance of relationships between enterprises and their customers (Rigo et al. 2016). Successful implementation of CRM strategies is heavily reliant on the people component of CRM which include interdepartmental collaboration and organisational readiness (Rahimi 2017b). Meyliana, Hidayanto and Budiardjo (2016) reinforced the view by isolating top management and employees' commitment as important elements for adopting an innovation and attainment of organisational objectives. The momentum quickly diffuses to all levels of the organisation with top management involvement and employee buy-in. Rahimi (2017b) predicated that CRM implementation is often faced with the challenge of aligning the new processes and strategies with the people.

CRM is built around people within the organisation to develop and manage mutually beneficial relationships through the acquisition of data on different aspects of customers (Almotairi 2009). The major goal of CRM is gain the loyalty of consumers by timeously meeting their changing needs by translating customer data into personalised products and services (Gandhi, Sachdeva and Gupta 2019; Hassan, Mohamed Haniba and Ahmad 2019; Galvão *et al.* 2018; Meyliana, Hidayanto and Budiardjo 2016; Almotairi 2009). Nevertheless, the total buy-in and commitment of management and all employees is fundamental for effective CRM implementation to meet and exceed the customer expectations (Cruz-Jesus, Pinheiro and Oliveira 2019; Almotairi 2009).

3.5.3 Business process

CRM is an enterprise philosophy that has its ontology in customer retention and satisfaction of a select profitable customers, relationship marketing and creation of lifetime value developed through the management of business process (Almotairi 2009; Chen and Popovich 2003). The process component of CRM utilises business

process reengineering to redirect the focus of the organisation from the product to the customer (Rahimi 2017b). As such, all business processes that involve indirect and direct interaction with the consumers are analysed (Meyliana, Hidayanto and Budiardjo 2016; Mendoza *et al.* 2007). Activities that have direct interaction with consumers must be prioritised by the organisation when integrating and automating business processes (Mendoza *et al.* 2007). Rahimi (2017b); Mendoza *et al.* (2007) argued that marketing and sales are the main business processes the organisation should address when implementing CRM applications. In order to succeed, customer-focused firms must flawlessly combine all the business processes and marketing efforts to respond to the market demands and fulfil the needs of the customers (Chen and Popovich 2003).

3.6 CRM ADOPTION PROCESS

According to Puklavec, Oliveira and Popovič (2018), there are various stages involved in the IT innovation adoption process. These stages maybe viewed as standalone processes but is very important to take into cognisance that they are interdependent variables. CRM literature postulate three stages of innovation adoption but there is no consensus when it comes to naming the stages (Cruz-Jesus, Pinheiro and Oliveira 2019).

3.6.1 Initiation or evaluation stage

The potential benefits of the CRM solution and the benefits across the value chain activities are evaluated during the initiation phase. Attitudes towards or against CRM adoption are also evaluated at this stage. (Cruz-Jesus, Pinheiro and Oliveira 2019; Puklavec, Oliveira and Popovič 2018). At this stage, a project champion motivates for CRM adoption and creates awareness of the innovation within the organisation (Puklavec, Oliveira and Popovič 2018).

3.6.2 CRM Adoption Is the Stage

Depending on the outcome of the evaluation stage above, the firm may propose to adopt CRM strategies (Cruz-Jesus, Pinheiro and Oliveira 2019). Following the proposed ideas, an affirmative or negative decision to adopt CRM may be made at this stage depending on the outcomes of the deliberations. The organisation will have

to mobilise the necessary resources for integration and implementation, reorganise the business processes and reconfigure its systems once the decision to accept CRM implementation is made (Chiu, Chen and Chen 2017). Puklavec, Oliveira and Popovič (2018) concurred with above and added that acceptance of ideas, evaluation of financial and strategic perspectives with the all the resources required for the acquisition and implementation of CRM take place in this stage. The project champion facilitates user acceptance at this stage of adoption and use.

3.6.3 The Final Stage

Routinisation involves the actual implementation of the CRM strategy and integrating it with the existing IT within the organisation. The enterprise will have to do a trial run of the new system to test compatibility, solve the teething problems and train all staff, especially the frontline. The organisation sometimes gradually integrates other elements of the firm into the strategy as well as introducing it to supply chain partners (Cruz-Jesus, Pinheiro and Oliveira 2019; Chiu, Chen and Chen 2017). Chiu, Chen and Chen (2017) developed a three-phase framework for understanding the adoption process. The envisaged stages are perception, adoption and implementation. The researchers postulated that the characteristics of organisation's top management and products can significantly influence the process of adoption. However, these will be discussed in greater depth in Chapter 4.

3.7 FACTORS AFFECTING CRM ADOPTION

As alluded to above, there is no consensus with regard to the definition of CRM. Payne and Frow (2005) argued that many organisations are faced with a significant problem when they take the decision to adopt CRM. This stems partly from lack of consensus as to what constitutes CRM. CRM is considered to be an innovative management strategy and the decision to adopt goes through a series of stages (Jaber and Simkin 2017a). Many factors affect the decision to adopt. The Technology-Organisation-Environment (TOE) concept explains the firm's efforts to adopt technology and change its processes (Azevedo 2013). These are grouped in three contextual categories: technological, organisational, and environmental (Junior, Oliveira and Yanaze 2019). Since its inception, TOE has been extensively applied in numerous studies to gain an in-depth understand of adopting new technology (Azevedo 2013). The TOE framework is one that is frequently utilised models of adopting and this study utilised this model

to evaluate the adoption process. The following sections tries to unpack the TOE framework.

3.7.1 Technological Context

The technology context describes the characteristics technological innovations being utilised by the organisation and those which may be relevant in the future (Azevedo 2013). It is concerned with all technological applications relevant to the firm encompassing external and internal factors to the organisation (Puklavec, Oliveira and Popovič 2018).

3.7.1.1 Technology competence

Technology competence (TC) is a dormant variable justified by infrastructure, ability, and technical knowhow (Junior, Oliveira and Yanaze 2019) and resembles the availability of technological infrastructure in the firm, such as the IT, which includes installed technologies (Cruz-Jesus, Pinheiro and Oliveira 2019). Azevedo (2013) pointed out that organisations do not have the same technological tools required to equip them with the capacity to manage a large portfolio of customers, as well as maximising their revenues; thus, they must adopt and develop new technologies. Many organisations have come to a point where the utilisation of IT to support strategic decision-making has become vital after long period of investments in establishing technological foundations that support business processes and fortifies the efficiency of operational structure (Puklavec, Oliveira and Popovič 2018).

IT specialists, according to Cruz-Jesus, Pinheiro and Oliveira (2019), refer to employees in the firm who have the knowledge to implement and utilise information solutions. Cruz-Jesus, Pinheiro and Oliveira (2019); Junior, Oliveira and Yanaze (2019); Chen and Popovich (2003) affirmed that organisations can use TC as an enabler to fully understand and exploit internal technologies. They further alluded to the fact that TC relates to the availability of technology can also be used as a support structure to prepare the technology infrastructure, including the adoption of basic knowledge technology.

3.7.1.2 Data quality and integration

Researchers and practitioners have been interested in the quality of data for a long time, however many organisations do not give it the attention it deserves or seem to ignore its importance (Azevedo 2013). Alshawhi, Missi and Irani (2011) Have noticed that there is common terminology between data quality and the process of CRM adoption. Azevedo (2013) confirmed the perils of utilising a database with inferior in quality and further to that, in many instances, organisations adopt a CRM system without the requisite knowledge of the database. This is confirmed by The Data Warehousing Institute which argued that a database that is weak in quality may cost companies a lot of money (Azevedo 2013).

The evaluation of CRM results has revealed that poor quality of data and data integration procedures, such as CRM innovations, interactions, all transactions, and networked touch points, have been draw backs to successful CRM adoption (Cruz-Jesus, Pinheiro and Oliveira 2019; Kherbach 2016). Thus, most firms that do not have robust databases generate poor information (Azevedo 2013). However, data quality and data integration processes are also affected by related factors such as operational, strategic and managerial factors (Cruz-Jesus, Pinheiro and Oliveira 2019). Therefore, technology that is correctly integrated and good data quality enhances optimum operation of CRM systems (Azevedo 2013).

3.7.2 Organisational Context

Organisational characteristics, such as the size, communication processes, slack and formal and informal linking structures make up the organisational context (Puklavec, Oliveira and Popovič 2018). On the other hand organisational context is described by, Azevedo (2013) as the context in which the business operates, for example, its relationship with the government, core industry and. Chaudhry et al. (2019) stated that the organisational context can be linked to organisational capability. He described organisational capability as the acuity of the enterprise to organise resources in combination by utilising processes of organisation to get the desired outcome.

3.7.2.1 Top management support

Successful adoption of CRM initiatives can be influenced by how it is championed within an organisation. Top management support (TMS) refers to the active participation of the top brass in the implementation of the information system (Kyengo, Ombui and Iravo 2016; Azevedo 2013) from start to finish. The project must be aligned to the strategic objectives of the organisation and receive approval from top management (Fui-Hoon Nah, Lee-Shang Lau and Kuang 2001). Senior management must show commitment to the project by allocating valuable resources to support the implementation and total involvement in the project (Fui-Hoon Nah, Lee-Shang Lau and Kuang 2001). According to (Fui-Hoon Nah, Lee-Shang Lau and Kuang 2001), this involves provision of sufficient personnel for the implementation and allocating them the appropriate amount of time to complete the project.

Bohling et al. (2006) called this 'the top-down approach', that is, the project gets sponsorship and strong support from senior executives and top management. In contrast to the top-down approach, the bottom-up approach, CRM initiatives are championed within a single division or group of the firm. This may not be ideal for successful adoption and implementation. Junior, Oliveira and Yanaze (2019) maintained that the sustainability and performance of CRM initiatives can be significantly impacted by the decision to maintain the existing corporate system. Moreover, the majority opinion of the management team usually expressed as a shared view usually guides the final decision. It is paramount that the role of the new system and the shared view of top management is effectively communicated to the workers (Fui-Hoon Nah, Lee-Shang Lau and Kuang 2001).

A vast majority of organisations view CRM as a strategic enabler with organisation-wide scope. According to Bohling et al. (2006), this implies a need for more top-down, involvement and generous allocation of resources by top management. For these authors, CRM can evolve from having a limited departmental scope, being an IT tool to enable strategy to having an organisation-wide impact. The project champion is of paramount importance throughout the development and implementation phases. S/he creates consciousness of the initiative and affirmative impression of an IT innovation and helps to overcome any resistance to the adoption (Puklavec, Oliveira and Popovič 2018).

Different researches on technology innovation have used TMS to emphasise that it brings about meaningful changes within the organisations' business processes and culture processes (Cruz-Jesus, Pinheiro and Oliveira 2019). The research findings noted that senior management has significant influence on the decision to adopt technology (Cruz-Jesus, Pinheiro and Oliveira 2019; Junior, Oliveira and Yanaze 2019; Chiu, Chen and Chen 2017). Research by Cruz-Jesus, Pinheiro and Oliveira (2019), in the context of e-business, revealed that senior managers should prioritise the integration and linking of fragmented and isolated technologies to support major information processes across the value chain.

Another role of top managers, according to Kyengo, Ombui and Iravo (2016), is removing constraints such as rigid regulation, red tape, poor allocation of resources to CRM programmes and close culture faced by organisation when implementing CRM initiatives. Top management therefore acts as a change agent that must effectively communicate the significance of adopting CRM within the entire organisation (Azevedo 2013). In contrast, technology adoption is not treated as a priority by the enterprise and its employees when there is lack of TMS. Therefore, TMS is of paramount importance in the context of the process of adopting CRM, from the initiation to the routinisation stage (Puklavec, Oliveira and Popovič 2018).

3.7.3 Environmental Context

The environment context relates to the opportunities that support and limit innovations like the structure of the market, government regulations, support for technology infrastructure the industry characteristics and other competitors' endeavours that may have an influence on the adoption thereof (Puklavec, Oliveira and Popovič 2018). In a nutshell, it is the context in which the business takes place, such as, relationship with the government, its core industry, and its competitors (Azevedo 2013).

3.7.3.1 Competitive pressure

The degree of pressure that a firm feels when competing with similar organisations is referred to as competitive pressure (Hasani, Bojei and Dehghantanha 2017). In the context of innovative technology, competitive pressure is a vital driver in the adoption of innovation as it describes the degree of pressure the organisation feels from its competitors and being recognised by competitors as a leader in the adoption of

innovation which may influence the decision to adopt. (Cruz-Jesus, Pinheiro and Oliveira 2019; Junior, Oliveira and Yanaze 2019). An analysis of the strategic justification underlying competitive pressure suggests that, organisations may be able to alter the competitive landscape, change the rules of competition, master new ways of doing business to outperform rivals and affect the industry structure by adopting new innovation (Azevedo 2013).

According to Chiu, Chen and Chen (2017), an organisation is more likely to adopt new innovation if perceived competitive pressure is high. Effectively, to achieve competitive advantage, organisations are looking for approaches, resources and solutions within the market to reduce operational costs and improve customer service (Cruz-Jesus, Pinheiro and Oliveira 2019). Furthermore, customers that are more likely to abandon are identified, which is a trait of markets that highly competitive. Reacting to this pressure and other insights organisations are forced to adopt CRM to improve efficiency and profitability. CRM therefore quips them with the tools to reduce churn and, at the same time, boost sales figures with up and cross-selling initiatives (Cruz-Jesus, Pinheiro and Oliveira 2019).

As alluded to above, there is no consensus when it comes to defining CRM, but most scholars agree that customers are at the epicentre of the CRM process (Elbeltagi, Kempen and Garcia 2014a) backed up by the use of technology to come up with a strategy to woo customers to ensure profitability. It therefore follows that to ascertain the factors that influence the process of adoption and implementation, it is paramount to evaluate a variety of organisational characteristics such as management structure, IT resources and the level of understanding of CRM adoption process within the organisation (Nguyen and Waring 2013). This is factor is of vital importance in the SME environment.

3.8 CRM IMPLEMENTATION PROCESS

Organisations usually have high prospects when they decide to implement a CRM innovations. Why shouldn't they be? CRM has been earmarked revolutionarise the management of customer because it affords the enterprise the opportunity to interact with their customers on a personal level and customise products and services (Kumar and Reinartz 2018). These prospects are feasible, but organisations are often anxious about CRM implementation process. Many instances of CRM failure have had adverse

impacts on the organisation, relevant stakeholders and management (Athanasoulas and Chountalas 2019).

Many experts have warned against overestimating the role of IT as a major force in the implementation process (Starzyczna, Pellešová and Stoklasa 2017). Defining and articulating the business case for change for CRM is one of the major obstacles faced by firm in CRM implementation. A business case serves as the vehicle to monitor and track progress as well as justifying resource allocation (Bohling et al. 2006). The challenges organisations have to face before successfully implementing a CRM system are multifarious (Rahimi 2005). The fact of that matter is that competences differ, organisational requirements vary and companies must make sure that their implementation criteria highlights their competences and satisfies their requirements (Kumar and Reinartz 2018).

Factors like the intra-organisational cooperation, fit between the company's CRM strategy and programmes, coordination among the entities involved in the implementation process and its wider marketing strategy influence the successful implementation of CRM strategies. (Bohling et al. 2006). Rahimi and Gunlu (2016) also noted that successful application is influenced by factors such as people marketing capabilities that are enhanced by customer data, operations and holistic integration of processes. Kumar and Reinartz (2018) further pointed out that management must patiently and carefully examine organisational competences, its expectations, the selection of CRM system and associated implementation strategy that leads to the creation of a valuable management tool.

Enterprises have widely embraced the concept of CRM, but examples of success contrast with the slow uptake of the strategy and outcomes of implementation have not the expectations of CRM adoption (Kumar and Reinartz 2018; Bohling et al. 2006). Literature is abounding with examples related to implementation that led to significant customer service problems and subsequent loss of market share. There is consensus on the among both academics and managers about the importance and potential of CRM but the return on investment in CRM programmes and philosophies vary across and within firms. Indeed, there is a need to ascertain the variable that may affect the perceived uncertainty about the size and scope of the initial implementation (Bohling et al. 2006). Failure is indeed a reality in CRM implementations, but a careful analysis

of options prior to the implementation process can negate much of the uncertainty inherent in a CRM implementation (Kumar and Reinartz 2018). The following section presents factors and/or key phases that comprise a CRM implementation process.

3.8.1 Develop the CRM strategy

The situational analysis is the first and most important stage which sets out to understand, describe and evaluate the organisation's current consumer philosophy (Athanasoulas and Chountalas 2017). This stage determines the development of the company's customer philosophy and anticipates its evolution (Payne and Frow 2006). Payne and Frow (2006) observed that the evolution of strategy determines the identification of key customers, development of strategies to address these customers the appropriate level of segmentation granularity. This is followed by the development of the CRM vision which influences and guides the CRM strategy. Key areas for action, usually focused on the reduction of costs or development consumer experience are then set followed by the establishment of smart goals and objectives (Athanasoulas and Chountalas 2017). At a later stage, it is paramount to identify relevant processes, personnel and technology requirements and eventually establish the business case for CRM guided by CRM implementation benefits and the costs (Athanasoulas and Chountalas 2017).

3.8.2 Build the CRM project foundations.

Payne and Frow (2006) referred to this phase as the process of value creation which involves taking the results of the strategy initiation process and development of a programme that excerpts and delivers value. In the same spirit, Athanasoulas and Chountalas (2017) opined that this stage involves activities like identification of stakeholders who may be impacted by change and establishment of operation structures to ensure that project responsibilities and roles are appropriately allocated and defined. CRM programmes should acknowledge the dual responsibilities of the client and organisation in the creation of value and the benefits that accrue to both parties (Kumar and Reinartz 2016; Payne and Frow 2006). CRM projects have often proved to be challenging in aspects of change management can prove to be challenging to projects irrespective of size, thus, change management needs must be identified. The activity of identifying project management needs is generally performed

by the project director whose responsibilities are to set out tasks and sub-tasks involved, project duration, resource allocation and the project outcome. Once the critical success factors are identified a risk management plan is put into place together with contingency plans and mitigation strategies (Athanasoulas and Chountalas 2017).

3.8.3 Specify needs and select partner

The first step of this stage involves categorising and redefining the business processes (Athanasoulas and Chountalas 2017). After identifying the processes that need to be attended, data needed for the CRM project is reviewed and a record of the available data is developed. The next stage is to identify the initial technology specification and evaluate alternative solutions where parties involved need to settle for the technologies which will meet the business case requirements and deliver the CRM objectives (Payne and Frow 2006). Before reaching the stage of calling for proposals, a specific request for proposals must be written that summarises the organisation's view of the CRM program. Once the proposals are received, a revised technology needs identification call is done which will culminate in the assessment of vendors and partner selection (Athanasoulas and Chountalas 2017).

3.8.4 Implement project

Like the phases above, this phase consists of internal decision points and activities that are to be undertaken. This step involves the refinement of the project plan with the cooperation and contribution of the qualified vendors (Athanasoulas and Chountalas 2017). The choice of the appropriate IT systems, software and hardware can be a daunting one, given the uniqueness of every operating environment, the accessibility of a range of technology options and the constraints the firm faces when dealing with legacy systems (Payne and Frow 2006). The second stage is to identify technology customisation needs to suit the specific organisational needs. The final stage is to prototype, design, modify and roll out in phases to deal with teething problems iron out any problems before organisation-wide adoption (Athanasoulas and Chountalas 2017).

3.8.5 Evaluate Performance

Monitoring and evaluation of the project finally comes into play at the shakedown phase. The process of assessing performance evaluates whether the firm's CRM strategic goals have been optimally achieved and key metrics for future improvement are (Payne and Frow 2006). Bohling et al. (2006), argued the organisation can utilise various criteria to evaluate whether CRM initiative were successful. These range from project-centred standards such as compliance of the system with requirements, to internally and externally oriented metrics. Internally oriented system of measurement include aspects like proven efficiency gains and as adoption by employees while to externally oriented metrics focus on factors like impact on customer loyalty or retention (Rahimi 2017b). Proven customer influence in terms quantifiable revenue growth, satisfaction and retention are the dominant externally oriented metrics that can be used to evaluate CRM initiatives (Bohling et al. 2006). This is consistent with the notion that the process of formulating of marketing strategies must focus on the external stakeholders like on customers and competitors (Kumar and Reinartz 2016).

Targets and milestones are vital factors that are used to keep track of progress. Accomplishments should be gauged against project objectives (Athanasoulas and Chountalas 2017). Milestones and targets are used to actively monitor the progress of the project. Fui-Hoon Nah, Lee-Shang Lau and Kuang (2001) argued that two criteria may be used. Project-management-based criteria should, on the one hand, is used to measure implementation against quality, project costs and completion dates. On the other hand, operational criteria should be used to measure the efficiency of the production system. Athanasoulas and Chountalas (2017) suggested that evaluation of business outcomes is essential; thus, they advocated the project team must revisit the initial project objectives, such as improving customer retention rates or lead conversions by the sales team to evaluate whether the desired project objectives have been achieved. Most projects have multiple goals; therefore, it is quite common to discover that some objectives have been achieved while others have not. to be achieved while others are not.

The timing of the assessment is an important factor since some organisations can take several months to adopt a CRM strategy (Athanasoulas and Chountalas 2017). Reports or processes for the evaluation of the data need to be carefully designed.

Established metrics should be used in the production of the reports. The reports must be reasonable and come up with useful information which include effective measurement of project objectives and assess whether the business needs have been met. Additionally, evaluation of staff performance must be tied to reasonable compensation (Fui-Hoon Nah, Lee-Shang Lau and Kuang 2001).

Generally, organisations have widely adopted CRM and they have heavily invested in this initiative (Bohling et al. 2006). Indeed, it is vastly recognised that implementation of CRM helps in reduced operating costs, enhances customer satisfaction and improves the bottom line in the long run (Galvão et al. 2018). Despite the potential that lies in the CRM, the failure percentages are very high: a failure in the implementation of any information system should be naturally expected, but it is more problematic in the implementation process of CRM (Rahimi 2005).

In CRM implementation, isolates two type of failure. The first instance is when the adopted system has been used for 6 months or less. This is regarded as total failure because the organisational efforts, time and money has gone to waste, there is absolutely no return on investment (Pan, Ryu and Baik 2007). The other instance is referred to as half-failure because the organisation's initial expectations have not been met. It is well known fact that the success rate for CRM implementation not high (Almotairi 2009; Pan, Ryu and Baik 2007). The International Data Corporation and Gartner Group, noted that the rate of successful CRM programmes is below 30% (Amalnick and Zadeh 2017), while Rigby, Reichheld and Schefter (2002) in Gartner Group research pointed out 55% failure. Despite the differences in results the fact remains that CRM efforts are failing which does not justify the levels of investment. It can be assumed that the high failure rate is a result of CRM strategy execution focusing on software packages without acknowledging that there other factors that influence the adoption and implementation process.

3.9 IMPLEMENTATION OPTIONS

Large organisations have access to many ready-made CRM implementation systems (Pedron 2009). Companies can opt for a combination or choose one of the three way to implement a CRN solution but cannot use all three at the same time. These three are developing in-house software, purchasing licenced software or outsourcing the

creation of software (Kumar and Reinartz 2018; Athanasoulas and Chountalas 2017). The three options will be discussed below.

3.9.1 Developing In-house Software

Developing an in-house CRM solution obliges that the organisation defines all the requirements and meets all the costs for research and designing as well as the actual development of software (Athanasoulas and Chountalas 2017). Firms that choose this route of in-house software development must heavily invest in hardware, storage and application software all of which considerably increases the operating costs (Kumar and Reinartz 2018). By its very nature, software costs and initial acquisition of hardware constitutes only a small fraction of the sum total expenditure. Much of the total costs arise largely from maintenance expenses, especially those that emanate from the changing internal demands of the enterprise. As opined by Athanasoulas and Chountalas (2017) some organisations do not have the requisite internal expertise to effectively carry complete the task, therefore they hire consultants to the work for them

Organisations develop a customised solution that suits their needs and blends with the structure of the organisational (Pedron 2009). By so doing, they can avoid reliance on CRM software developers and on new innovations in technology (Kumar and Reinartz 2018). However, this is usually considered to be a costly choice because the firm must operate, maintain, and make the necessary enhancements at its own cost. The biggest challenge with this solution is to attract and retain workers with the requisite knowledge to deal with data warehousing problems (Kumar and Reinartz 2018).

3.9.2 Buying licensed CRM software

Organisations face an additional cost of developing their IT infrastructure and integrate the new software with existing and legacy applications even if they choose to purchase licenced CRM solution (Athanasoulas and Chountalas 2017). Firms have the option to purchase the solution as a suite of independent modules or buy it as a single block (Kumar and Reinartz 2018). Kumar and Reinartz (2018); Athanasoulas and Chountalas (2017) further argued that organisations still need to invest considerable time and effort to familiarise with the system and acquire the necessary skills to

effectively operate run the solution even though the software developer has contractual obligations to train the employees and provide documentation for the newly acquired system. In addition, the firm occasionally incurs the cost of maintaining and upgrading the system with new software releases.

Many organisations trust and are reassured that this solution will work for them because it has a proven track record of success (Tereso and Bernardino 2011). The software is developed using best practices and continually updated as they change. However, this option can be expensive and may take time to integrate with the organisation's existing operations (Dubey and Wagle 2007). In addition to the initial fees and costs of licensing, organisations are often charged licence renewal fees per annum (Kumar and Reinartz 2018).

3.9.3 Outsourcing the Solution

This solution implies that firms can acquire a ready-made application from a third-party company. In exchange for a monthly fee, the outsourcing organisation provides the required human resources, software and hardware (Kumar and Reinartz 2018). The implementation process does not take time because the provider of the solution already has the necessary expertise. The fact that the outsourcing firm requires the payments for service and maintenance to be immediately initiated acts as an incentive to get the system up and running in the shortest time possible (Athanasoulas and Chountalas 2017). This solution has lower upfront costs than the other two alternatives because the enterprise does not need to pay the hardware and software licences. There is also no need for the firm to recruit internal IT staff to run and manage the solution (Dubey and Wagle 2007). One of its drawbacks is that the firm must contact and pay the outsourcing organisation each time they need to upgrade and adapt the solution to recent developments. The firm also does not acquire or possess the prerequisite technical knowhow to manage the CRM solution on its own, and there is the danger of losing the CRM solution investments if the outsourcing organisation goes out of business (Kumar and Reinartz 2018).

3.10 CRITICAL SUCCESS FACTORS FOR CRM (CSFs)

As alluded to above CRM adoption has not yielded the desired results due to a number of reasons hence it is vital to evaluate the critical success factors of CRM

implementation (Ali, Ishaya and Hassan 2015). In order to appreciate critical success factors (CSFs) in a CRM implementation, it is prudent first to distinguish the success factor and its meaning (Sablan, Hidayanto and Budiardjo 2017). Meyliana et al. (2017) identified a success factor as the limited number of areas that when satisfactory applied will considerably enhance the competitive ability of the enterprise. It can also be defined as a generic ingredient that is an important feature of any successful CRM implementation (Meyliana et al. 2017; Meyliana, Hidayanto and Budiardjo 2016). The use of CSFs in the management discipline was further validated following an article by Rockart 1979, cited in (Rahimi 2005), whose research showed top management's need to define critical elements.

According to (Garcia, Pacheco and Martinez 2012), CSFs arise from a methodology that zeroes in on identifying variables that are crucial for a firm's success, and the absence of these variables could lead to organisational failure. These critical elements of success must be projected and emphasised, as there are so many of them all around. Numerous previous research publications have discussed the importance of success factors for CRM implementations (Askool and Nakata 2010; Pan, Ryu and Baik 2007). There is no agreed unanimous process to collect and examine CSFs. Thus, many diverse methodologies such as surveys questionnaires and interviews have been used by studies to single out these factors (Garcia, Pacheco and Martinez 2012).

The three fundamental dimensions of organisations, that is, technology, philosophy and culture are connected by strategy (Pedron 2009). Furthermore, the success of CRM strategy depends on striking the right balance among the three fundamental enterprise resources, such as technology people, and processes (Rigo et al. 2016). They further suggest that organisations that use CRM strategies will be able to attain high levels of customer retention, loyalty and satisfaction by effectively utilising with these three resources.

A CRM projects stands very little chance of success without considering critical success factors (Meyliana, Hidayanto and Budiardjo 2016). An in-depth understanding of factors perceived to be key for CRM implementation can enable researchers to come up with better hypothesis and theories about CRM-implementation-related challenges and top management to create conducive organisational environments for

the effective implementation of CRM strategy and programmes (Bohling et al. 2006). Against this backdrop, in this section of the research, focus will be on issues pertaining to CSFs for CRM implementation. The framework suggested by Rigo et al. (2016), to discuss CSFs in relations three vital organisational resources, that is processes, technology and people, was adopted for this study.

Table 3.1: CRM CSF related to people as a resource

CSFs	Description	Authors
Top management commitment	Implementation of CRM solutions need strong involvement of top management	Amalnick and Zadeh (2017); Meyliana et al. (2017); Rigo et al. (2016); Askool and Nakata (2010); Mendoza et al. (2007); Chen and Popovich (2003)
Communication of CRM strategy	Organisational goals and values should be shared with all staff. Organisational CRM philosophies should unambiguously be communicated to the entire firm	Meyliana et al. (2017); Sablan, Hidayanto and Budiardjo (2017); Rigo et al. (2016); Meyliana, Hidayanto and Budiardjo (2016)
Customer services should benefit from employees' personal characteristics	Customer relationships can be enhanced by utilising front end staff	Meyliana et al. (2017); Sablan, Hidayanto and Budiardjo (2017); Rigo et al. (2016); Meyliana, Hidayanto and Budiardjo (2016)
Organisational culture should be consumer-centred	CRM strategy allows companies to share a top-down customer-centred view	Amalnick and Zadeh (2017); Rigo et al. (2016); Pan, Ryu and Baik (2007)
The needs of the final consumers should be taken into consideration throughout the CRM implementation process	Expectations and requirements of the customers must be considered from inception	Amalnick and Zadeh (2017); Meyliana et al. (2017); Rigo et al. (2016); Hung et al. (2010)
CRM system acceptance is dependent on the	Resistance to CRM initiatives is reduced by effectively managing	Amalnick and Zadeh (2017); Rigo et al. (2016)

CSFs	Description	Authors
management of stakeholder expectations	stakeholder expectations which motivates them	
Integrating all departments involved in CRM	An inclusive project team facilitates information sharing and effective communication across all departments of the firm	Meyliana et al. (2017); Amalnick and Zadeh (2017); Rigo et al. (2016); Hung et al. (2010); Askool and Nakata (2010); Mendoza et al. (2007)
Staff training	Resistance to change can be eliminated by training all employees which in-turn brings good results	Rigo et al. (2016); Askool and Nakata (2010)
All the firm should focus on a common objective	Vital objectives focused on customer relationship are defined by a CRM project	Meyliana et al. (2017); Sablan, Hidayanto and Budiardjo (2017); Rigo et al. (2016); Meyliana, Hidayanto and Budiardjo (2016)

Source: Rigo et al. (2016)

Table 3.2 presents a set of CSFs related to process. The authors noted that people are the key ingredient for the success of CRM, but organisational processes enable the people to coordinate organisational and CRM needs (Rigo et al. 2016).

Table 3.2: CRM CSF related to process

CSFs	Description	Authors
Learning from the success or failure of campaign and analysis of client information	The analysis of prior marketing initiatives and consumer information enhances client information and processes	Rigo et al. (2016); Chen and Popovich (2003)
Develop personalised marketing strategy	Customer satisfaction and loyalty can be enhanced by the development of customised solutions derived from one-on-one marketing	Meyliana et al. (2017); Sablan, Hidayanto and Budiardjo (2017); Rigo et al. (2016); Chen and Popovich (2003)

CSFs	Description	Authors
Integrating innovation capabilities	Innovative thinking helps in the development of successful CRM strategy	Amalnick and Zadeh (2017); Meyliana et al. (2017); Rigo et al. (2016); Mendoza et al. (2007)
Decision-making can be automated when necessary	It is paramount to re-evaluate and redefine business processes and include rules for process automation and decision-making	Meyliana et al. (2017); Rigo et al. (2016); Mendoza et al. (2007); Chen and Popovich (2003); Croteau and Li (2003)
Developing an all-encompassing customer-centred approach	Firms should develop an approach that integrates all departments of the organisation	Meyliana et al. (2017); Rigo et al. (2016); Mendoza et al. (2007); Chen and Popovich (2003)
Identifying firm needs and translating general goals into CRM requirements	The choice of the appropriate software must be guided by clearly defined goals and objectives that are clearly translated into CRM requirements	Amalnick and Zadeh (2017); Meyliana et al. (2017); Rigo et al. (2016); Hung et al. (2010); Mendoza et al. (2007); Fui-Hoon Nah, Lee-Shang Lau and Kuang (2001)
Defining clear and measurable business goals for each stage of the CRM software implementation	It is important to define specific objectives as metrics to be achieved at the end of each stage of the CRM software implementation	Meyliana et al. (2017); Sablan, Hidayanto and Budiardjo (2017); Rigo et al. (2016); Chen and Popovich (2003)
Technical competencies are multifunctional	It is vital to involve IT in CRM processes	Meyliana et al. (2017); Rigo et al. (2016); Mendoza et al. (2007); Chen and Popovich (2003)

Source: Rigo et al. (2016)

Table 3.3: CSF for CRM adoption related to technology.

CSFs	Description	Authors
Development of a central database for consumer information	All members of the company can have access to useful customer details from a centralised customer data	Meyliana et al. (2017); Sablan, Hidayanto and Budiardjo (2017); Rigo et al. (2016); Chen and Popovich (2003)
Programming automated scripts in computer languages, based on known solutions	Use of predefined computer language procedures can improve the quality and efficiency of helpdesk and call centre support	Amalnick and Zadeh (2017); Meyliana et al. (2017); Sablan, Hidayanto and Budiardjo (2017); Rigo et al. (2016); Chen and Popovich (2003)
Configurable and easy-to-use CRM software	CRM software must be user-friendly and configured according to business requirements	Amalnick and Zadeh (2017); Meyliana et al. (2017); Rigo et al. (2016); Chen and Popovich (2003)
Creating a centralised database including analytical tools	Knowledge of specific consumer requirements can be developed through the use of IT. The purchasing behaviour and expectations can be discovered by analysing old and new data	Meyliana et al. (2017); Rigo et al. (2016); Mendoza et al. (2007); Chen and Popovich (2003)

Source: Rigo et al. (2016)

3.11 REASONS FOR CRM FAILURE / CRM IMPLEMENTATION HURDLES

Bohling et al. (2006) highlighted the fact that despite the overwhelming consensus that CRM is a strategic imperative, scholars and CRM practitioners have noted with concern that the return on investment on CRM initiatives vary across industries and organisations (Junkala 2017). In fact, the increase in the number of failed projects is frightening (Ali, Ishaya and Hassan 2015; Askool and Nakata 2010; Rahimi 2005). Organisations have at times experienced budget overruns and sales targets have not been achieved. CRM efforts have been totally abandoned in some cases (Zerres and Zerres 2016). Organisations have noted that there are many barriers to implementing

a CRM system successfully, but it is not all doom and gloom, they can be overcome (Junkala 2017).

There seems to be a problem regarding CRM system adoption within organisations. An exploration of literature with regard to CRM technology adoption among SMEs has brought to the fore that the rate of CRM uptake is slow and half of them end in failure (Ali, Ishaya and Hassan 2015; Nguyen and Waring 2013). Pedron et al. (2016) concurred with the above notion and further pointed out that 60% of CRM initiatives end up in failure, and that 69% of projects do not meet the organisational expectations. Further to that 70% of the firms that invested in CRM system adoption projects become disillusioned because they do not achieve the anticipated results (Foss, Stone and Ekinici 2008). This has led to the rise of the argument that CRM should be viewed as a business process rather than a software or technology (Rigby, Reichheld and Scheffer 2002). Furthermore, this research is guided by the above school of thought to focus on people, processes as well as environmental and organisational factors and views technology as no more than a tool (Ahani, Rahim and Nilashi 2017b). Relying too much on this tool in the operational processes can be the trigger of the 'four perils' of CRM failure. The analysis of the four perils is in line with the focus of this study which focused on non-IT-supported CRM processes which are more suited to small businesses.

Many compelling reasons to the adoption CRM strategy have been advances but is prudent to tread with caution and do a thorough analysis before adopting (Chen and Popovich 2003). Rigby, Reichheld and Scheffer (2002) noted that the potential of improved customer acquisition and retention is attractive, but in reality, it can be dangerous. Research studies have made it clear that firms that lack thorough understanding of what CRM initiatives entail has resulted in a lot of abandoned and failed projects (Zerbino *et al.* 2018; Chen and Popovich 2003). Rigby, Reichheld and Scheffer (2002) concurred with the above by pointing out that CRM backfires because most organisational management simply do not have a clear and concise understanding of what they are implementing, let alone the duration of the project and the costs involved.

Despite the potential and promises of CRM, the research outcomes by Rigby, Reichheld and Scheffer (2002) show that top management fall into one or more of four

pitfalls while implementing a CRM project. The amounts of money being spent on CRM are intended to show that CRM has arrived, but CRM success within the organisation is not guaranteed by having an appropriate strategy (Fazlzadeh, Tabrizi and Mahboobi 2011). It is the endeavour of this section to delve into the four perils and to make sure it pays its way by avoiding the following four pitfalls.

The four perils are discussed in conjunction with the seven deadly sins of CRM suggested by Kale (Elbeltagi, Kempen and Garcia 2014a; Almotairi 2009) because they overlap into each.

1. Viewing CRM initiatives as a technology initiative
2. Lack of customer-centric vision
3. Insufficient appreciation of customer lifetime value
4. Inadequate support from top management
5. Underestimating the importance of change management
6. Failing to reengineer business processes
7. Underestimating the difficulties involved in data mining and data integration

3.11.1 CRM-Peril 1: Implementing software, before creating a customer strategy

According to Rigby, Reichheld and Schefter (2002), new innovation can be appealing, but software capabilities are over-hyped with promise of tackling the perennial obstacles. Many CRM products are presented with this promise of automating the difficult and enigmatic process of attracting high value customers while repelling the low value ones. In this case, software is viewed as a panacea to all the customer problems. It is argued that CRM can indeed do that but only after a proper strategy to acquire and retain customers has been crafted.

Customer strategy involves understanding customer behaviour and the selection of the appropriate segment; hence, the marketing department has to lead this initiative supported by strategic board (Payne and Frow 2005). Executives should not allow software developers to influence their consumer management process, or retrofit a consumer philosophy to match the CRM software they have just purchased (Rigby, Reichheld and Schefter 2002). Kale's deadly sin which states that there is insufficient appreciation of customer lifetime value resonates with the first peril (Elbeltagi, Kempen and Garcia 2014a). A classic example noted by Rigby, Reichheld and Schefter (2002)

is how The New York Times intelligently tried to resolve customer related issues in the best way it. It was only decades later that they started to install CRM software to back-up the customer strategy that was already working wonders for them.

The implementation CRM without conducting a thorough market research and determination of marketing objectives would be like putting the cart before the horse. Without defined goals and arbitrarily allocated responsibilities, software can be installed without an appropriate customer strategy (Elbeltagi, Kempen and Garcia 2014a). This peril seems to overlap with Kale's second deadly sin which states that lack of TMS can be an obstacle for allocating responsibilities regarding the customer strategy (ibid). It is argued that what makes matters worse is that CRM is delegated to the wrong persons in the form of chief information officer (Rigby, Reichheld and Schefter 2002).

3.11.2 CRM-Peril 2: rolling out software, before changing the organisation

Major support of this peril comes from the view that employee involvement is an integral factor that can influence the success of CRM initiatives (Elbeltagi, Kempen and Garcia 2014a). The most dangerous pitfall is the installation of CRM technology before creating the conducive consumer-focused organisational (Rigby, Reichheld and Schefter 2002). McKean (2002) cited in Elbeltagi, Kempen and Garcia (2014a), singled out effective communication, leading the human firm, implementing an ever-present human touch, implementing technology to humanise and application of the human touch as a process as the five CRM focus areas that relate to the humanisations of the implementation process. These five factors show how seriously acculturation should be reflected in CRM projects and Rigby, Reichheld and Schefter (2002) also acknowledged this by arguing technology implementation cannot be isolated from people with the firm.

Rigby, Reichheld and Schefter (2002) proposed that sustainable relationships with more valuable customers can only be developed by revamping vital business processes that relate to consumers. According to them, good strategy on its own is not a viable solution. A CRM implementation will bear fruits only after the enterprise and its processes, like training and development programmes, performance measures and compensation systems have been restructured to effectively meet the needs of the consumers (Elbeltagi, Kempen and Garcia 2014a; Rigby, Reichheld and Schefter

2002). It is also paramount to evaluate the existing geographical, product and service structure.

In the context of CRM technological options, resistance to change is a recognisable trait (Elbeltagi, Kempen and Garcia 2014a) which supports the view that organisations do not consider organisational change as a factor that influences CRM success (Payne and Frow 2006). Once again it resonates with the deadly sin of underestimating the importance of change management. A study by Rigby, Reichheld and Schefter (2002) strengthened the argument that rolling out software before changing the organisation will lead to failure. He cited examples of organisations like Square D and GE Capital whose executives who timely realised that CRM required organisations to adopt consumer-centred strategies, alter their processes and structures, and change their corporate cultures appropriately. They concluded CRM technology projects were unlikely to take off unless this work was done beforehand.

3.11.3 CRM-Peril 3: assuming that more technology is better

A metaphoric expression that 'hunting dogs can be thrown off a scent by dragging a pungent fish across their path' (Elbeltagi, Kempen and Garcia 2014a), has been used to describe how organisations get stuck in the assumption that CRM performance can be explicitly increased by technology, without taking into consideration other factors like cross-functionality and processes (Payne and Frow 2005). This idea is also recognised by Rigby, Reichheld and Schefter (2002), who asserted that many executives automatically make the assumption that CRM has to be technology intensive. In fact, client relationships can be managed in numerous ways (Elbeltagi, Kempen and Garcia 2014a), and CRM goals can be achieved by motivating workers to prioritise customer needs without committing a huge amount of resources (Rigby, Reichheld and Schefter 2002).

When firms develop CRM technologies, the development projects often develop creep, incorporating unbudgeted expenses and complexity, as a result of functions that do not support the business's objectives (Elbeltagi, Kempen and Garcia 2014a). The argument for this is based on findings of a survey which revealed that some companies have unsuccessfully incorporated numerous unnecessary technological aspects. However, they phased out some of the technology and subsequently prioritised fewer effective applications and realised a sizeable degree of success.

In contrast, Rigby, Reichheld and Schefter (2002) suggested that companies must adopt a healthy hybrid approach to CRM by taking an incremental approach to dotting all points of the technology spectrum, that is, from low-tech to mid-tech and finally high-tech. They further argued that a reflective ramping up of technology will allow management to sequence individual software solutions so that each phase supports the next stage. This therefore allows experimentation by managers to discover the factors that can strengthen relations with their best consumers without the use of sophisticated technology (Rigby, Reichheld and Schefter 2002). Furthermore, the sixth deadly CRM sin of failing to reengineer business processes (Almotairi 2009) supports this CRM-peril because it makes the assumption that intensive technology is better. It also supports the conjecture that the technology, rather than the process, results in improved business performance (Payne and Frow 2005).

3.11.4 CRM-Peril 4: stalking, not wooing customers

Relationships are bi-directional. Most organisations fall into the trap of trying to establish relationships with disinterested customers and they end up losing them to competitors (Huang et al. 2015). Contact with customers on the database must be guided by the customer strategy, not the CRM programme (Rigby, Reichheld and Schefter 2002). Simply delivering what has been ordered, seems to be the most serious trigger for loyalty (Elbeltagi, Kempen and Garcia 2014a). Furthermore, the seventh seven deadly CRM sins which pointed out that there is a danger in underestimating the challenges involved in data mining and data integration (Almotairi 2009), seems to overlap with this CRM-peril, because the quality of data and data accumulation have been the factors that can negatively affect implementation (Elbeltagi, Kempen and Garcia 2014a). Research seems to provide sufficient evidence to recognise the fourth CRM-peril, that is, there is an exaggeration on the importance of on additional IT-support processes and a simultaneous an under-whelming emphasis on traditional CRM non-IT-support processes (Elbeltagi, Kempen and Garcia 2014a).

To tie up this section, the researcher is encouraged by conclusions drawn from Rigby, Reichheld and Schefter (2002). They argued there is hope that, even if organisations have been unsuccessful at implementing CRM, they can still recover. Many

management tools have not lasted the test of time, but CRM scholars believe that CRM is here to stay, they are convinced that it is not a fly-by concept.

3.12 BENEFITS OF CRM

Many organisations are investing a lot of resources to acquire new customers as well as re-connecting with old ones to develop lifelong relationships and loyalty. Some firms implementing technology-based CRM applications and relationship marketing philosophies to effectively compete and win the race (Chen and Popovich 2003). The authors posed a rhetorical question: 'customer relationship management?' There are numerous reasons that support why managing consumer relationships if vital for firms (Athanasoulas and Chountalas 2019).

Organisations that have prioritised internal customer satisfaction like employees have succeeded in attracting new qualified employees and have drastically reduced staff turnover (Junkala 2017). Furthermore, an in-depth understanding the consumer through differentiation can lead to cost-effective marketing campaigns. According to Junkala (2017), organisations that have emphasised satisfying customers in all areas do not have a huge job advertising budget because positive deeds naturally spread positive vide about the. Positive word-of-mouth has a strong impact in business life, and it has been observed that enterprises that render quality consumer service have attained a good reputation in their communities as well as with organisations they deal with whom they do business.

Athanasoulas and Chountalas (2017), argued that cross-selling can be facilitated by the proper selection of customers through a single customer view and clean data. Athanasoulas and Chountalas (2017); Junkala (2017) suggested that gaining consumer loyalty and satisfaction through interaction can also result in cost-effective customer service. Organisations can as well increase the bottom line, customer loyalty and satisfaction and reduce customer acquisition costs through customisation of the product and services. Most organisations are aware that the cost of acquiring new customers is five times as much as keeping the current customer (Tereso and Bernardino 2011). In summary, CRM can be the single strongest weapon to acquire clients and to make sure that they develop loyalty towards the organisation. A loyal customer is not a happy coincidence developed when an brilliant customer service

agent, salesperson or product developer responds to a customer query or complaint (Junkala 2017).

According to scholars, Athanasoulas and Chountalas (2017); Fazlzadeh, Tabrizi and Mahboobi (2011); Özgener and İraz (2006); Fjermestad and Romano (2003), the benefits of CRM can be summarised as follows:

- Improved consumer loyalty
- Enhanced consumer profitability
- Reduced costs of customer acquisition
- More effective marketing
- Enhances consumer support and services
- Reduced costs and increased efficiency
- High rate of customer retention, loyalty and satisfaction enhanced by quicker resolution of customer problems
- No need to acquire a lot of consumers to preserve a steady sales volume
- Centralised customer contact
- Improves return on marketing investment
- Acquiring well-accepted outcomes of data-mining activities.

3.13 CRM IN THE SME CONTEXT

The SME sector needs to be approached with a new perspective suited to the challenges it faces to fully fathom the challenges they face and to realise its full potential. There is a need to shift the focus away from the available collateral in the business to the viability of the business and the ability of the business owner. This is supported by Buttle (2006) who argued that CRM is a business philosophy that is typified by the application of technology to support marketing, services and sales functions. SMEs have been perceived to be one of the fastest-growing segments of any economies, and more entrepreneurial in terms of structure and philosophy than larger enterprises (Hasani, Bojei and Dehghantanha 2017). Thus, their role so SMEs in any economy can never be overlooked and the differences between small and large organisations cannot be ignored (Damayanti et al. 2019; Stankovska, Josimovski and Edwards 2016; Harrigan, Ramsey and Ibbotson 2011). CRM can therefore be a strategic tool for SMEs. It is therefore prudent for SMEs to integrate CRM business

practices into their daily business operations to gain competitive edge (Salah, Yusof and Mohamed 2019).

Irrespective of focus and size, all organisations must concentrate on satisfying its consumers and developing loyalty (Pohludka and Štverková 2019). The advent and rapid growth of social technology in this highly competitive business environment has drastically changed the e-business scenery (Hasani, Bojei and Dehghantanha 2017). Focusing on the consumer has become is becoming a key factor for organisations especially and small companies to survive on the international market. The cost of developing new relationships with consumers is considerably higher than the cost of retaining existing customers (Tereso and Bernardino 2011). Therefore, consumer retention is particularly important to SMEs because of scarce resources.

In response, companies, especially SMEs need to endeavour to start engaging their clientele to build long-lasting profitable relationships while strengthening associations with the current customers to sustain the business (Hassan, Mohamed Haniba and Ahmad 2019). For SMEs, the provision of valuable data customer knowledge and relations with partners within the supply chain will be enhanced by adopting CRM (Salah, Yusof and Mohamed 2019). They need to take full advantage of the potential of CRM to develop a deeper understanding of their clients, needs and wants to develop a footprint and even enhance them long-life relationships (Starzyczna, Pellešová and Stoklasa 2017). CRM can thus help SMEs to gain a bigger market share.

CRM is not often considered a strategy for SMEs, but the truth of the matter is the SMEs usually derive competitive advantage from their closeness to customers (Meyliana *et al.* 2017; Starzyczna, Pellešová and Stoklasa 2017). Garcia, Pacheco and Martinez (2012) reiterated that CRM in SMEs has not been widely studied, thus the study is, to a large extent predisposed on the characteristics and guided by the experiences of large organisations. Previous research on CRM has focused on big enterprises while CRM implementation in the context of SME is under-whelming and there is a limited number of scholarly work that directly addresses CRM in SME context (Hasani, Bojei and Dehghantanha 2017; Paraschou 2016). The obvious deduction from the above argument is that research studies on CRM in context of SME t is under-developed (Garcia, Pacheco and Martinez 2012).

The success or failure of newly established companies may therefore be influenced by the design of CRM technologies to facilitate customer interaction during the design and delivery of goods and services (Hasani, Bojei and Dehghantanha 2017). However, SMEs are considered to be the engines that drive economic growth and are unique in their own way, which has a major bearing on the adoption and implementation of a CRM initiatives. It reflects the emerging debate that takes place at the intersection of CRM strategies and SMEs; that is, scholars are attempting to ascertain the boundaries of CRM. The difficult question being asked is where CRM starts and where it ends.

Scholars like (Galvão *et al.* 2018; Garcia, Pacheco and Martinez 2012; Bohling *et al.* 2006) argued that CRM was developed for large firms which usually have a huge clientele database. This is not a restriction for its adoption in SMEs, because of its size (number of employees and asset value) and budget which enables them to manage a huge client base (Garcia, Pacheco and Martinez 2012). Bohling *et al.* (2006), postulated that CRM projects in small companies are characteristically narrow in scope and are usually deployed in a modular fashion. However, argued that CRM may provide numerous opportunities to SMEs as it does in large organisations. An in-depth understanding of the multifaceted issues involved is a required, so that the effort to implement CRM will effectively contribute to SMEs' success which was the launch pad for this research. Little research has been done on CRM in the third world where SMEs are a majority and are the pillars of such economies (Achuama and Usoro 2010).

SMEs have traditionally approached marketing as pragmatic alternative of marketing theory to make it pertinent to their business operations (Galvão *et al.* 2018). He argues that there are advantages to being small like employee loyalty, easy access to client information, flexibility and quick response, customer interface and opportunity-focus. Taking into account the uniqueness of small businesses helps to develop a better understand of the benefits and implications of adopting CRM (Paraschou 2016). SMEs tend to forge intimate relationships with clients than larger corporates, with the major decision-makers often having close personal relationships consumer base (Nguyen and Waring 2013). This local, intimate customer knowledge enables a personalised exchange associations and such marketing by networking shows a striking resemblance to relationship marketing and specifically CRM theory (Galvão *et al.*

2018). However, the term CRM is unfamiliar to the majority of owner-manager businesses (Hendrayati and Syahidah 2018; Harrigan, Ramsey and Ibbotson 2011).

Roopchund (2019) was of the view that SMEs carry out an informal type of CRM as opposed to the one prescribed in marketing theory. There is also negligible data from SMEs of the use of customised CRM software packages (Zheng and Jones 2011). In fact, there is a clear tendency that SMEs do not formally commit to CRM at all. The paradox is that they do intuitive CRM commitment. SMEs tend to employ a two-pronged approach to marketing. The strategies can be based on both traditional forms or new technologies (Roopchund 2019). Traditional marketing methods for SMEs mean flighting an advert in the local newspaper, telephonic contact or personalised direct mail and distribution of flyers and brochures on the street to inform their customers. However, with the development and ubiquity of the internet, there are numerous avenues for SMEs to market their services and products with social CRM being the latest trend (Roopchund 2019).

It is ostensible that CRM roll-out is a complex process that requires thorough understanding of strategic planning and entails a lot of risks; therefore, the adoption of multifaceted CRM becomes a daunting task especially to small enterprises which have limited access to resources (Paraschou 2016). In other words, SMEs are affected by both strategic and tactical consumer-related challenges, while being constantly shackled by a lack of finances, which stifles their potential to thrive (Harrigan, Ramsey and Ibbotson 2011).

3.14 FACTORS INFLUENCING THE ADOPTION AND IMPLEMENTATION BY SMEs

A firm's drive to adopt CRM technology and change the course of its marketing strategy is largely affected by technological, organisational, and environmental factors. Just like in the corporate environment, the adoption by SMEs is largely influenced in the same way. From an administrative and strategic perspective, SMEs are 'organic' and are largely considered to an extension of the entrepreneur's own personality (Stankovska, Josimovski and Edwards 2016). The research on CRM within the academic literature has mainly focused on installation factors such as IT, rather than factors that influence when, how, and why firms adopt CRM (Sudhakar 2015). The literature is filled with professional publications (as opposed to academic publications)

on CRM implementation. However, prior studies in SME CRM adoption have discovered that minimal effort is expended to evaluate the readiness of the organisation at the CRM pre-implementation phase (Hasani, Bojei and Dehghantanha 2017). The number of academic publications focused on the implementation process of a CRM system is very small (Rahimi 2005).

Inspired by an extended TOE framework, this research endeavours to investigate influence of organisational, technological, managerial and environmental traits on small firms' intentions to adopt CRM strategies (Hasani, Bojei and Dehghantanha 2017). The preceding sections gave a thorough review of the factors and thus the researcher will avoid tautology by not discussing them again in this section. However, it must be noted that research studies on adoption of CRM innovations in SMEs are minimal (Hassan, Mohamed Haniba and Ahmad 2019).

CRM is believed to be an important weapon for SMEs to develop and nurture customer relationships which helps organisations to maximise their business potential but many SMEs tend to shy away from CRM (Loh et al. 2011). The identification of CRM critical factors in the SME setting context is paramount to enhance successful implementation but more significantly, it is required to combine these factors within the implementation process and effectively manage them (Garcia, Pacheco and Martinez 2012).

It is argued that apart from focusing on mobilising funding to enhance growth of their enterprises, African SMEs also need to focus on Chief Financial Officers (CFOs) to enable them to effectively compete in a given market (Hendrayati and Syahidah 2018). The identification of and understanding of the Critical Success Factors (CSFs) will improve their potential for sustainability and aptitude to respond and anticipate changes in the market place (Osano 2019). However, it suffices to note that the CSFs discussed above are also relevant for SMEs.

CRM applications are fundamental tools for SMEs to manage consumer relationships (Hassan, Mohamed Haniba and Ahmad 2019). The merits of such a client-focused strategy are manifold because the firm has the potential to realise more profits, gain a competitive edge in the contemporary challenging market and exploit their business potential (Hendrayati and Syahidah 2018; Harrigan, Ramsey and Ibbotson 2011). However, the roll-out of a CRM innovations in SMEs is a demanding and complex

process which has several implications (Paraschou 2016). The factors that influence CRM implementation in small firms are discussed below.

SMEs' proximity to customers can give them a unique competitive advantage (Hasani, Bojei and Dehghantanha 2017). In particular, SMEs can form closely-knit personal relationships with clients than bigger firms (Galvão et al. 2018). Although term CRM is not familiar in SMEs, it occurs almost unconsciously. This approach is close to intuitiveness in doing business (Galvão et al. 2018). SMEs marketing focuses on workable and simple approaches that are inexpensive and efficient and, most significantly, those that augur well with their peculiar strategies and cultures (Payne and Frow 2006). They also have the capacity to customise products and services and personalise customer-specific services (Harrigan, Ramsey and Ibbotson 2012b). In support of the above, Hasani, Bojei and Dehghantanha (2017) reiterated that there is an advantage in being, thus SMEs benefit from being in close proximity to consumers, a loyal workforce, easy access to consumer information as well as flexibility and quick turn-around time.

3.15 REASONS WHY CRM IS NOT ADOPTED BY SMEs

There is a general observation that SMEs are scared of CRM which may stifle growth and return on investment (Laakso 2017). There are a few reasons as to why SMEs have not fully embraced CRM (Loh et al. 2011).

SMEs face numerous obstacles, such as lack of resources like finance; expertise specialists; ICT; and owner-manager dominance: the owner-manager makes most of his own decisions (Hendrayati and Syahidah 2018). Stankovska, Josimovski and Edwards (2016), pointed out that SMEs have low capital and liquidity limitations; they need cheap CRM technologies that can be customised for their business models and infrastructure. Loh et al. (2011) further stated that before implementing a new innovation, organisations will assess the benefits they will gain and make sure they are commensurate with the costs of implementing the system. Another drawback for start-up firms also related to high cost of acquiring qualified personnel in marketing and assembling customer management teams, rather than using the inexpensive solutions at their disposal (Hasani, Bojei and Dehghantanha 2017). SMEs also tend to be particularly vulnerable to environmental changes where their external influences are limited. These characteristics clearly impact the ability of SMEs to do marketing.

Top management in SMEs, who are also the owners or managers, play a vital role in business and decision-making (Hendrayati and Syahidah 2018). Loh et al. (2011), stressed that the most vital element for creating conducive conditions for the provision of enough resources for adoption and implementation of an innovation is TMS. The support of the executives enables the successfully implemented of CRM because it guarantees the availability of funds to purchase appropriate and sufficient hardware, maintenance of the consumer database, staff training to understand and manage the complex CRM applications (Laakso 2017).

Loh et al. (2011) averred that for small enterprises, the workforce and owner-managers have limited technical skills and resources to implement new technology in the firm. Poor IT knowledge has led to the abandonment and postponement of implementation of the innovation and has influenced the mindset of the managers to think that IT would not yield any benefits for their organisation (Laakso 2017). Furthermore, it is suspected outside pressure influences the adoption of IT, without the full understanding of why and how it is done. Studies show that the greater their understanding of IT, the greater the likelihood of adopting and the better the chances of success (Loh et al. 2011). They rely on traditional and relatively simple applications like websites, e-mail, and some data mining. As alluded to above there is little evidence of the use of customised CRM software in SMEs. There is no formal commitment The paradox is that they intuitively commit to CRM (Roopchund 2019). Many SMEs activities do not characterise their everyday practices as CRM, but in reality these activities are reflect many characteristics of the theory of CRM (Hendrayati and Syahidah 2018). However, it is unlikely that the available software package will fit the unique needs of SMEs. Previous research has confirmed that the marketing of truly effective relationships cannot exist without the use of internet-based technology.

3.14 CHAPTER SUMMARY

The concept of CRM has been widely embraced as a business strategy to grow the market share of businesses. Literature noted that CRM is a management philosophy that enhances organisational ability to identify, select, attract, and retain profitable clients, by developing relationships with them. This strategy has been deployed in both emerging and developed economies. It is paramount to note that defining CRM just like SME above has its own challenges. Practitioners and academics agree on the

strategic imperative of CRM, but it still experiences failure. The return on investments in CRM strategy and programmes is different across industries and organisations. Factors that affect the adoption and implementation of CRM strategies were also evaluated on how they affect large and small enterprises. Many organisations have even ended up abandoning CRM as a strategy because it failed to deliver the expected returns.

Literature has mainly focused on CRM in big organisations and very little has been done in relation to smaller firms. In cases where SMEs have been studied, the focus was on IT factors of CRM where many SMEs have failed as well. Consequently, it has been realised that a gap exists, and this research thus focuses on other factors that influence the adoption and implementation of CRM strategies by SMEs. The next chapter focuses on the theoretical underpinning of adoption and implementation of CRM strategies by SMEs to survive and grow.

CHAPTER 4: THEORETICAL FRAMEWORK AND HYPOTHESIS

4.1 INTRODUCTION

It is very paramount to note that the world is currently developing toward the utilisation of nascent applications in various areas and there are various changes in the perceived aspects of delivering services to the consumers (Mezghani and Almansour 2019). However it is prudent to note that IT normally undergoes remarkable changes within brief episodes (Davis and Venkatesh 1996). As such, enterprises are required to mobilise additional tools to interact more closely with consumers (Mezghani and Almansour 2019). IT provides small enterprises with strategic merits such as CRM applications, which may influence the attainment of objectives to enhance their competitive advantage (Salah, Yusof and Mohamed 2019). Davis and Venkatesh (1996) observed that many examples of developing information innovations have been advertised with multi-billion-dollar market projections but remain masked in uncertainty as to their actual effectiveness. To fully fathom the adoption and implementation process of the CRM strategies by SMEs, one must understand the theoretical background about adoption and implementation of CRM. The Technology Acceptance Model (TAM), Diffusion of Innovation (DOI), Resource-Based View (RBV), Unified Theory of Acceptance and Use of Technology (UTAUT) and TOE are some of the theories that will be discussed in this thesis.

Many theories have been postulated in an attempt to ascertain how perspectives have end-users decide to utilise certain technology applications (Abu-Dalbouh 2013). Theories provide a framework to understand the failure or success of the implementation of new IT applications. These models provide a basis for researchers understand why a new technology is rejected or accepted, resulting in the development and designing of better approaches to assess and predict how users will react to innovation (Askool and Nakata 2010). The main goal of this chapter is to clarify how SMEs could perceive and deal with technology by analysing their intentions and factors that could influence such intentions. The next section dealt with CRM adoption models.

4.2 ADOPTION MODELS

4.2.1 Technology Acceptance Model (TAM)

The presence and effect of IT can be felt in almost every organisation, yet this technology needs to be accepted and used by employees to improve production (Venkatesh et al. 2003). The TAM is extensively utilised by practitioners and scholars to predict, understand and explain user acceptance of information innovations (Mezghani and Almansour 2019; Rodriguez and Trainor 2016; Venkatesh and Davis 1996; Davis and Venkatesh 1996). TAM was initially proposed by Davis in 1989 (Matikiti, Mpinganjira and Roberts-Lombard 2018) and was further developed under contract with IBM Canada, Ltd. in the mid-1980s. It was used to examine the market potential for a diversity of then-developing personal computer based technologies in the multi-media sector, pen-based computing and image processing in order to influence investments in developing new products (Davis and Venkatesh 1996). Notwithstanding the impressive improvements in hardware and software capabilities, minimal utilisation of installed applications has been recognised as the main factor inherent in the "productivity paradox" characterised by poor returns on firm investments in IT (Venkatesh and Davis 2000).

The TAM (illustrated in Figure 4.1) and its many extensions was modified from the Theory of Reasoned Action (TRA) developed by Fishbein and Ajzen (1975), a theory of psychology which focused on predicting how the intention to perform a given behaviour is influenced by beliefs and attitudes (Askool and Nakata 2010; Park 2009). TRA is generally planned to forecast human behaviour in a diversity of settings while the goal of TAM is chiefly to provide an sufficient reasons for and a prediction of a diverse user populations recognition of a wide array of IT within different organisational settings (Mezghani and Almansour 2019). TAM postulated that individuals' behavioural aim to use an IT is influenced by a set of beliefs which are perceived ease of use and perceived usefulness (Venkatesh and Bala 2008; Venkatesh and Davis 1996).

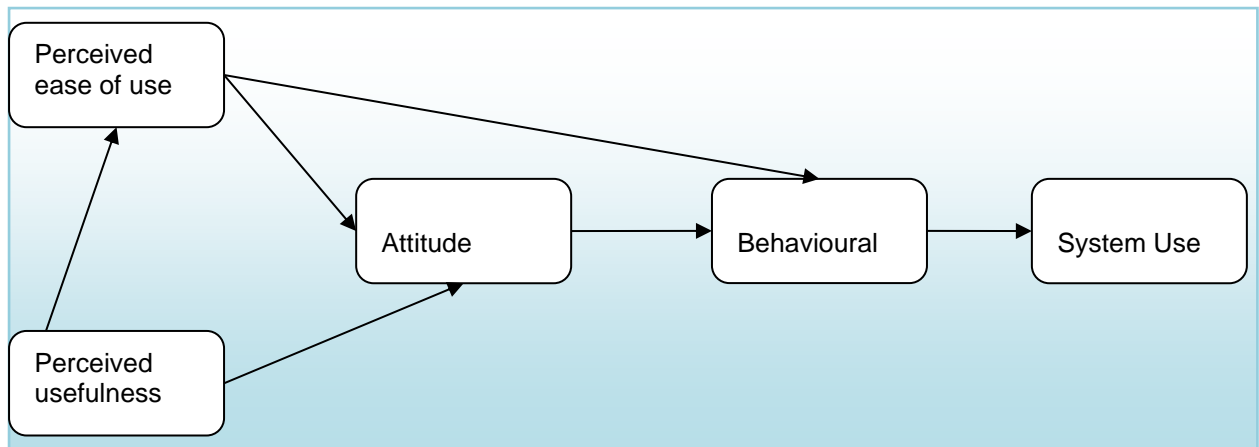


Figure 4.1: Technology acceptance model (TAM).

Adapted from: Wu and Wu (2005)

The extent to which someone believes that the utilisation of a particular system will enhance the performance of a task is called *perceived usefulness*, while the degree to which one believes that minimal or free mental and physical effort is expended to use a particular system is called *perceived ease of use* (Abu-Dalbouh 2013). The TAM therefore explains the causal link between perceived ease of use and perceived usefulness of technology (Chen et al. 2008). Askool and Nakata (2010) added that user intention, attitude and behaviour are swayed by apparent usefulness of an innovation.

The TAM also proposed that perceived ease of use also influences perceived usefulness because, all things being equal, a system that is ease to use is believed to be more useful (Venkatesh and Davis 2000). It further theorises that the influence of external factors on behavioural intention will be controlled by these two TAM constructs (Venkatesh and Bala 2008). The most frequently introduced variables are compatibility, training, quality of system, self-actualisation, computing support, computer anxiety, experience and enjoyment (Lee, Kozar and Larsen 2003). TAM has provided an in-depth understanding into key obstacles that influence firm adoption, while also providing the background around which important adoption factors can be categorised and ascertained (Park 2009). Thus, SMEs can easily accept CRM if they can understand the benefits of using CRM without any challenges.

One of the pitfalls of the TAM is the measurement bias present in the instrument. Davis and Venkatesh (1996) were worried that the high validity and reliability of the TAM

gradations and the large amount of discrepancy in intention explained by perceived ease of use and usefulness could simply be an artefact of the measurement method, which puts together various items measuring one construct. The TAM has also been criticised for not being particularly helpful in giving explanations that can be used to develop innovations that nurture acceptance even though it can effectively predict system acceptance (Dennis, Venkatesh and Ramesh 2003).

4.2.2 Unified Theory of Acceptance and Use of Technology (UTAUT)

The development of the UTAUT is attributed to Venkatesh et al. (2003), where eight dominant models and theories that had been extensively and successfully tested in previous research on technology applications adoption and spreading in various fields were integrated into one theory (Šebjan, Bobek and Tominc 2014). TAM was specially adapted to predict and explain user acceptance of IT (Venkatesh and Davis 1996). This model provides a basis for tracing the effect of external variables on internal beliefs, intention and attitudes towards a target system and explains why users rejection or acceptance of technology (Šebjan, Bobek and Tominc 2014; Askool and Nakata 2010).

This model (Figure 4.2) further helps managers to measure and anticipate the potential success of an innovation within an enterprise as well as identifying and examining the factors that affect the acceptance and adoption of new technology (Askool and Nakata 2010). Four core determinants, that is, effort expectancy, facilitating conditions, social influence and performance expectancy were integrated into this model (Salah, Yusof and Mohamed 2019). The interplay between these four key factors, use, behaviour intention are moderated by four control variables: voluntariness and experience of use, age and gender (Askool and Nakata 2010). More so, the model suggests that use behaviour is significantly influenced by behavioural intention with no control assumed between use and intention (Salah, Yusof and Mohamed 2019).

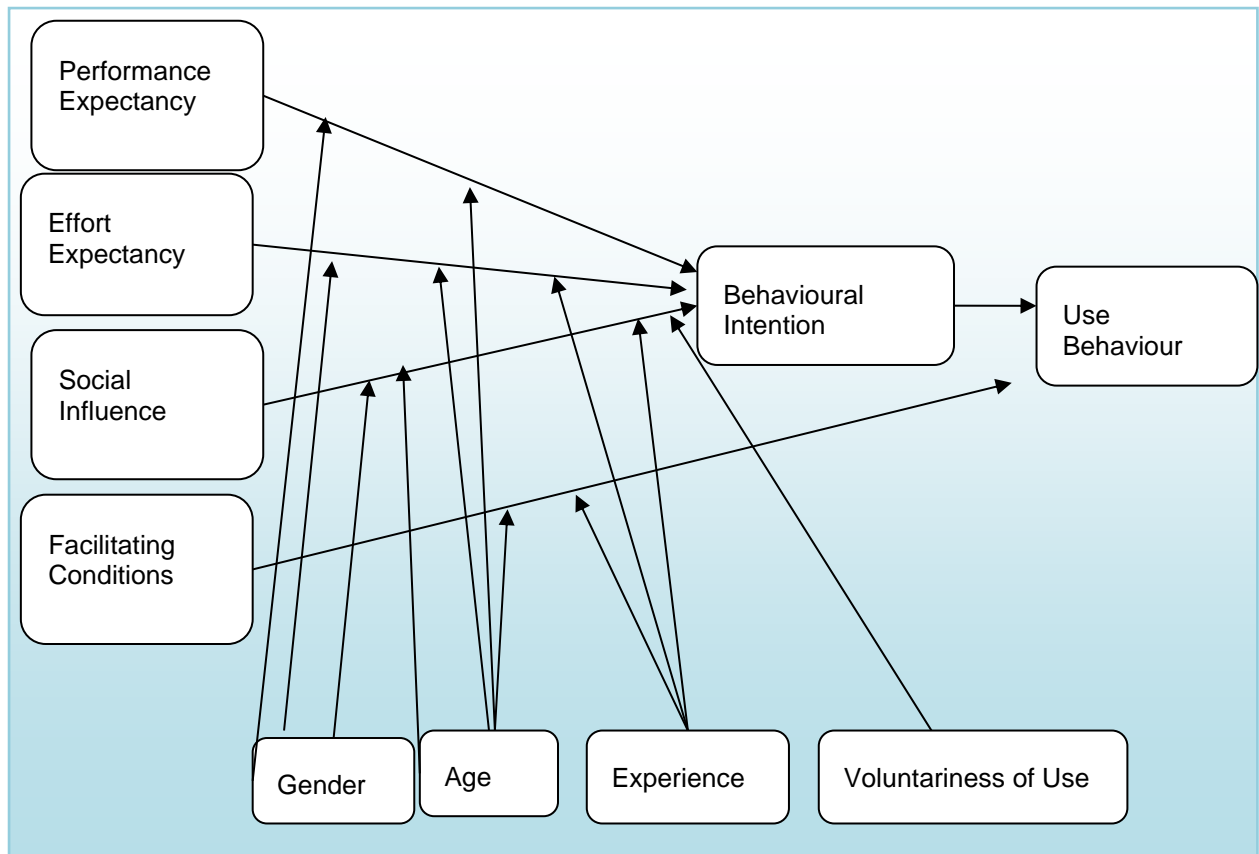


Figure 4.2: UTAUT Model

Source: Venkatesh et al. (2003)

4.2.3 Diffusion of Innovation Theory (DOI)

The DOI theory is attributed to the scholarly work of Rogers in the middle of the twentieth century (Hasani, Bojei and Dehghantanha 2017). Chiu, Chen and Chen (2017) argued that, innovation is about any idea, object, practice, that is considered as new by another unit of adoption or an individual an individual. The process by which a new application or idea is communicated via certain channels over time among the members of a social system is referred to as diffusion. The main tenets of the DOI theory are the perception of users towards technology and the actual characteristics of technology (Riyadh et al. 2019). The DOI theory is chiefly utilised to explain why, how and the rate at which at new technologies and ideas are adopted by different personnel across the organisation (Badwan et al. 2017). Ngah, Zainuddin and Thurasamy (2017) stated that innovation goes through five stages of adoption. However, the persuasion stage is the most important stage because an innovation perception is developed at this stage and decision-makers' perceptions towards

innovation can be positively or negatively influenced at this stage (Chiu, Chen and Chen 2017).

Despite the widespread use of the DOI model to explain the adoption of innovation, it is not immune to criticism. Salah, Yusof and Mohamed (2019) pointed out that the theory did not highlight the importance of the nature of dissimilar industries ability to deal with environmental and organisational factors. This therefore leads to the discussion of the TOE framework.

4.2.4 Technology, Organisation and Environment Framework (TOE)

Tomatzky and Fleischer proposed the TOE in the early 1990s, an analytical framework to explain how the organisational context impacts the adoption and implementation of CRM technologies (Riyadh et al. 2019). The TOE has meanwhile become one of the most widely technology acceptance theory (Nghah, Zainuddin and Thurasamy 2017). The TOE is an application-level framework for research from the organisational level utilised to ascertain the role of three vital components (the environment, technology and organisation) of an enterprise which can affect the decision to implement new innovation (Matikiti, Mpinganjira and Roberts-Lombard 2018). It underpins information systems research and adoption by the final user at the level of the firm (Awa, Ukoha and Emecheta 2016).

The TOE describes the firm's drive to change its processes by adopting new applications (Azevedo 2013). According to Salah, Yusof and Mohamed (2019), the combination of the TOE framework and DOI theory can provide a healthy theoretical basis for small firms to adopt and examine technology use through the consideration of external variables, the internal framework and integrated research.

4.2.5 Resource-Based View (RBV)

The RBV is conceptualised as a distinctive combination of organisational resources that can help an organisation to gain sustainable competitive edge based on inimitability, rareness, non-substitutability and unique organisational values (Dubey and Sangle 2019). Many researchers have argued that value creation using IT can be enhance competitive advantage but technology can be easily acquired and replicated by rivals (Dubey and Sangle 2019). Dubey and Sangle (2019) added that a sustainable

competitive advantage or the intended higher performance cannot be delivered by IT resources in isolation. Alamgir and Shamsuddoha (2015) pointed out that intangible resources like customer service, relationship and knowledge which are reasonably unique and hard to be copied by competitors can be a real source competitive advantage over time. Valuable competences and rare resources equips the enterprise with the ability to develop and implement philosophies to increase their margins (Salah, Yusof and Mohamed 2019). Alamgir and Shamsuddoha (2015) proffered a multidimensional viewpoint of CRM that shows the link between improved organisational performance and the availability of competences and resources.

The RBV has therefore been extensively employed as the basis for CRM. It is believed that organisations with high levels of social rapport have the potential to outdo competitors because relationships and other important elements of social rapport are hard to replicate (Dubey and Sangle 2019). The RBV also enables researchers highlight the relationships among technologies, people and processes, thus foster success through CRM applications (Salah, Yusof and Mohamed 2019).

4.3 THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESIS

The constructs of the TOE have been assumed to be more relevant and applicable to large firms only; however, Awa, Ukoha and Emecheta (2016) argued that the framework has been empirically validated across all firm sizes. The framework possess a strength that can handle the technocentric predictions of most other frameworks and illusion of accumulated traditions and brings both non-human and human actors into the network (Awa, Ukoha and Emecheta 2016). Three models of IT innovation adoption, viz, TOE, DOI, and RBV theories are related to the organisational level. The remaining two theories, that is, UTAUT and TAM explain adoption at individual firm level (Salah, Yusof and Mohamed 2019).

Gono, Harindranath and Özcan (2016), noted that the TOE is an integrative framework that provides a holistic theoretical basis for research. Given that this study focuses on the analysis of factors that affect the adoption of CRM strategy and from the enterprises' perspective, the TOE framework with the information culture context as an external variable is adopted as the main research model in this study. The research model was therefore utilised to investigate the effects of the variables within the TOE on the adoption and implementation of CRM technologies by SMEs. It has been noted

that SMEs are poor at exploiting IT and thus it is paramount to explore the factors that affect IT adoption (Gono, Harindranath and Özcan 2016). This is consistent with the approach that adopted by other researchers who utilised the framework similar to TOE (Salah, Yusof and Mohamed 2019). This model has been considered one of the most important models at the firm level, and was the most common application found in the studies, that used only the TOE model or combining with other models (Pinheiro 2019).

This therefore becomes the launchpad for this research because the goal was to move away from the misconception that CRM is a technology but gravitate towards treating CRM as a holistic strategy that should diffuse throughout the organization. Technology is thus viewed as an enabler of the CRM strategy (Harrigan *et al.* 2015). The model characterized the factors through specific contexts with technology context, referring to the internal and external technology relevant to the organization and includes the internal and external technologies available and relevant for possible adoption (Salah, Yusof and Mohamed 2019). The organizational context comprehends the descriptive measures of the organization. The environmental context refers to the limitations and opportunities of a specific market context, containing market elements, competitors, and regulators (Gono, Harindranath and Özcan 2016). The TOE framework includes the environment context, being a better model to explain the IT innovation adoption (Matikiti, Mpinganjira and Roberts-Lombard 2018). Organisational, environmental, technological and information culture factors (Salah, Yusof and Mohamed 2019) should all be integrated and help the firm to make a well-informed decision when it comes to adopting CRM strategies. These TOE factors and information security should be thoroughly investigated to find out how they influence adoption and implementation of CRM strategies. The proposed framework is depicted in Figure 4.3 overleaf.

4.3.1 Technological Context

The technological context is connected to the external and internal technological tools and processes (Junior, Oliveira and Yanaze 2019; Ngh, Zainuddin and Thurasamy 2017). It describes the technologies exploited by the organisation, the characteristics of technology and those which may be relevant in the future (Azevedo 2013). External and internal technologies are vital for the enhancement of productivity within the organisation (Salah, Yusof and Mohamed 2019). Salah et al. (2019) posited that SMEs

engage in technology to improve the efficiency and efficacy of productivity. Compatibility, TC, relative advantage, security, complexity and data quality are some of the major determinants in the technological context (Hasani, Bojei and Dehghantanha 2017; Ngah, Zainuddin and Thurasamy 2017) and are therefore included as constructs in the technological factors for this study.

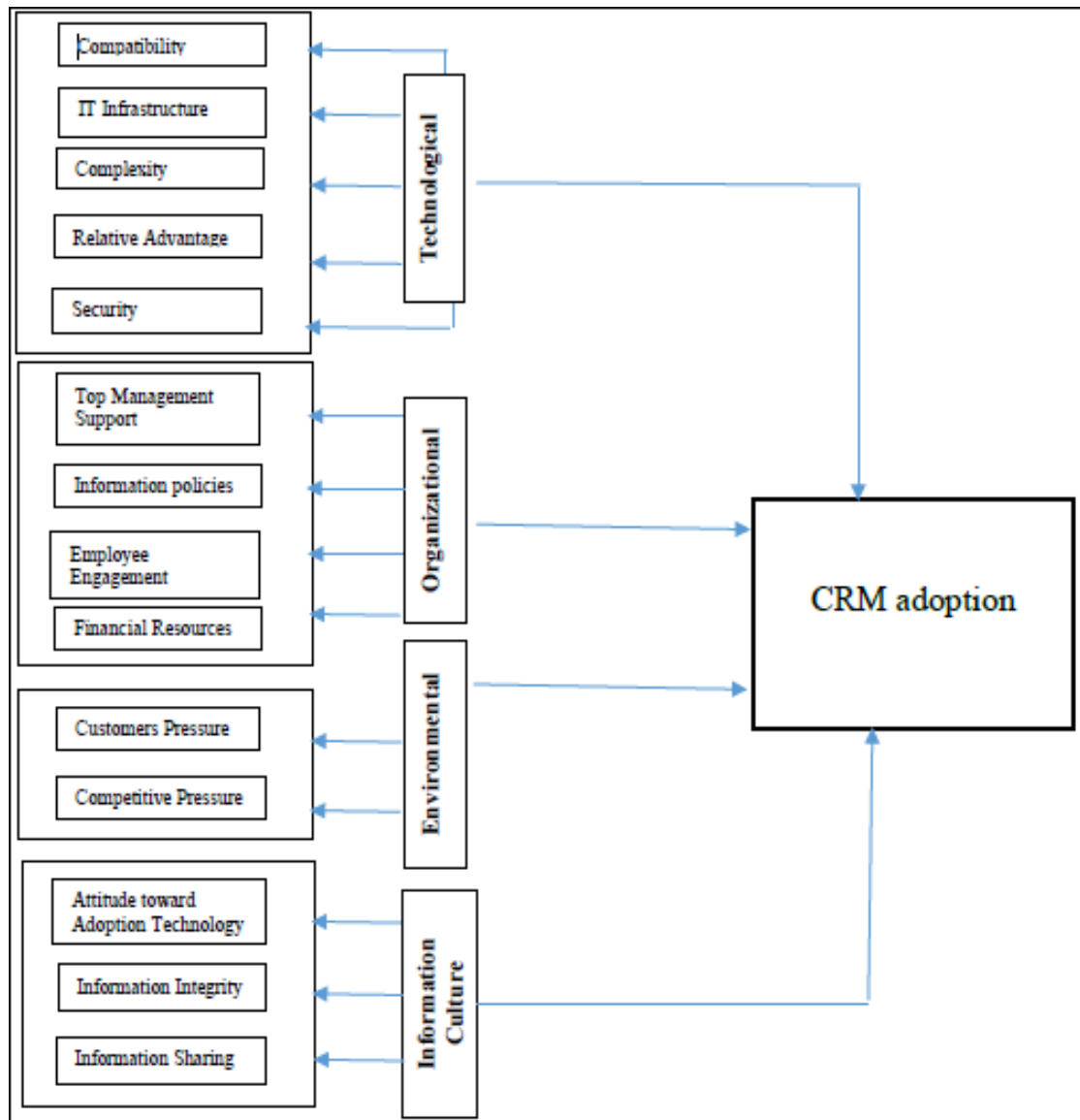


Figure 4.3: Theoretical framework

Adapted from: Salah, Yusof and Mohamed (2019)

4.3.1.1 Compatibility

The extent to which the innovation provides a good fit with the potential user's current values, past practices, and existing needs is referred to as compatibility (Azevedo

2013). Salah, Yusof and Mohamed (2019) described compatibility as the degree to which CRM is aligned to organisational needs and experiences. Compatibility has been proved to be one of the most significant for successful adoption of CRM; thus, the chances of adopting an innovations are high because they provide a good fit into the organisational values (Hasani, Bojei and Dehghantanha 2017). However, compatibility can prove to be an obstacle if SMEs are not technologically ready (Salah, Yusof and Mohamed 2019).

4.3.1.2 Technology competence

Technology competence (TC) is a latent variable supported by infrastructure, knowledge and ability within the organisation (Junior, Oliveira and Yanaze 2019). TC resembles the technological resources that the firm possess, such as the IT infrastructure, which includes existing technologies (Cruz-Jesus, Pinheiro and Oliveira 2019). Azevedo (2013) pointed out that not all firms have the technological tools required for CRM applications to equip them with the ability to manage a large customer database, as well as maximising their revenues; they thus have to adopt and develop new technologies. Most organisations have reached a stage where the utilisation of IT to back the strategic decision-making process has become vital following long periods of financial outlay to set up a technological foundation that strengthens and supports business processes and an efficient operating structure (Puklavec, Oliveira and Popovič 2018).

IT specialists, according to Cruz-Jesus, Pinheiro and Oliveira (2019), are employees in the organisation who possess the technical expertise to implement and utilise information solutions. These experts are vital for the success of the CRM applications. Cruz-Jesus, Pinheiro and Oliveira (2019); Junior, Oliveira and Yanaze (2019); Chen and Popovich (2003) affirmed that the organisation's ability exploit, understand and use internal applications is enabled by TC. They further alluded to the fact that support in preparation for the adoption of technology infrastructure and the adoption of entry level IT knowledge is supported by TC as it relates to the available technology. This resonates with literature that TC has an important influence on the adoption of CRM, thus, it was utilised as a factor in this study.

4.3.1.3 Complexity

Scholarly work has revealed a rather strained relationship between the adoption of CRM and complexity (Salah, Yusof and Mohamed 2019; Azevedo 2013). Complexity is defined as the extent to which an IT application is considered to be relatively hard to understand and make use of (Azevedo 2013). Complexity thus negatively impacts the probability of adoption of CRM solutions by SMEs. Though insignificant, this factor has been identified as a deterrent to the adoption of CRM by SMEs (Salah, Yusof and Mohamed 2019).

4.3.1.4 Data quality and integration

Despite the fact that data quality has been an area of concern for researchers for a long time, many enterprises do not give it sufficient attention or totally ignore it. (Azevedo 2013). Alshawi, Missi and Irani (2011), argued that there is a shared language that unites quality of data and CRM through all the processes involved. Azevedo (2013), confirms the dangerous consequences of using a database with low quality and adopting CRM applications without sufficient knowledge about the real state of the database. The Gartner Group (2006) reported that lack of compatibility in the data and low quality has accounted about 70% of CRM systems fail (Azevedo 2013).

The evaluating CRM results has been inhibited by low data quality and poor integration of CRM applications which include all transactions, network touch point and interactions (Cruz-Jesus, Pinheiro and Oliveira 2019; Kherbach 2016). A weak data base and poor quality information thus leads to wrong conclusions (Azevedo 2013). However, data integration and data quality are moderated by, various comparative aspects like strategic, operational and managerial factors (Cruz-Jesus, Pinheiro and Oliveira 2019). Therefore, appropriate integration and data quality ensures the optimum operation of and a CRM systems (Azevedo 2013).

4.3.1.5 Relative Advantage

Relative advantage is described by Chavoshi, Sim and Hee (2015) as the degree to which a CRM develops customer data that can allow an organisation to provide improved consumer service than traditional methods of fulfilling consumer

requirements. Awiagah, Kang and Lim (2016) postulated that relative advantage is the extent to which an innovation is considered to be better than the idea it seeks to replace. They further observed that an innovation is considered to provide relative advantage to SMEs if it lowers the business costs and increases market coverage. Organisations stand to gain competitive advantage by developing and adopting useful technologies that improve customer service and save them money (Hasani, Bojei and Dehghantanha 2017). Many scholars have recognised the positive effect of perceived advantage on the adoption of innovations while the negative perception of a given technology is considered to drastically reduce its adoption (Awiagah, Kang and Lim 2016). It is paramount for SMEs to enhance their perceived relative advantage to increase their market share. Optimisation of organisational operations and increase in efficiency of customer services may be enhanced by new technologies (Salah, Yusof and Mohamed 2019).

4.3.1.6 Security

Awa, Ukoha and Emecheta (2016) observed that the ability of the company to protect consumer information regarding the transaction details is of vital importance. Numerous studies have singled out security as an important variable that influences the adoption of CRM (Riyadh *et al.* 2019; Salah, Yusof and Mohamed 2019; Awa, Ukoha and Emecheta 2016). An assessment by Riyadh *et al.* (2019) revealed that security threats can be the most critical obstacle to adoption.

This study therefore proposes the following hypothesised relationships on technology context.

H₁: Compatibility will positively influence CRM adoption.

H₂: The level of technology competence will positively influence CRM adoption.

H₃: Complexity will negatively influence CRM adoption by SMEs in KZN.

H₄: Good data quality and integration will positively influence CRM adoption.

H₅: Relative advantage will have a significant influence on attitude towards adoption of CRM strategies by KZN SMEs.

H₆: Security of customer information will influence CRM adoption by SMEs.

4.3.2 Organisational Context

The organisational context denotes the firm's traits that are capable hindering or of facilitating CRM adoption (Gono, Harindranath and Özcan 2016). The parameters that have the most significant influence to the decision to adopt an innovation are what Chavoshi, Sim and Hee (2015) referred to as organisational characteristics. These include informal and formal structures that link the communication processes, size, and dormant resources (Ahmad et al. 2015). It specifically, describes the management structure, scope and the size of an enterprise (Matikiti, Mpinganjira and Roberts-Lombard 2018). Chaudhry et al. (2019), posit that organisational context can be linked to organisational capability. They describe organisational capability as the dexterity of the company to organise resources in combination by utilising processes of organisation to influence the preferred result. Salah, Yusof and Mohamed (2019), argued considering CRM as a technological tool and not paying attention to the various cultural and organisational changes involved is one of the major reasons for CRM failure. In this study, the organisational context represents TMS, employee engagement, perceived benefits, firm size, and financial commitment.

4.3.2.1 TMS

Management support is the extent to which senior management encourages the development of the initiative and the use of IT by their subordinates (Awiagah, Kang and Lim 2016). Kyengo, Ombui and Iravo (2016), cited TMS as the active participation by the top brass in the implementation of information systems and it is vital throughout the implementation process. The project must be aligned to the strategic objectives of the business and receive approval from top management (Fui-Hoon Nah, Lee-Shang Lau and Kuang 2001). According to Bohling et al. (2006) this 'the top-down approach', manifests itself through sponsorship and strong from senior executives. In contrast to the top-down approach, the bottom-up approach, CRM initiatives are championed within a single division of the organisation. This may not be ideal for successful adoption and implementation (Cruz-Jesus, Pinheiro and Oliveira 2019). Research findings have shown that the diffusion of technology is strongly influenced by TMS (Cruz-Jesus, Pinheiro and Oliveira 2019; Junior, Oliveira and Yanaze 2019; Chiu, Chen and Chen 2017). Cruz-Jesus, Pinheiro and Oliveira (2019) averred that top management should prioritise the linking of those 'island of automation' and integration

of fragmented applications to support major information processes across the supply chain.

Another role of top managers according to Kyengo, Ombui and Iravo (2016) is eliminating obstacles such as hierarchical bureaucracy, closed culture, lack of funding and rigid regulations, faced by organisation when implementing CRM innovations. Top management therefore acts as a change agent who must effectively communicate to the whole enterprise the importance of adopting CRM strategies. (Azevedo 2013). On the contrary, lack of TMS may result in the abandonment of the project (Puklavec, Oliveira and Popovič 2018). Awiagah, Kang and Lim (2016), found TMS to be one of the best predictors of the organisational adoption of It innovations and management support can indirectly influence users' outcome expectancy.

4.3.2.2 Employee Engagement

Employee engagement and top management have been acknowledged among the most vital factors of CRM success (Rahimi and Gunlu 2016). Salah, Yusof and Mohamed (2019), described employee engagement, satisfaction, and enthusiasm towards their work achievements as the heartbeat of CRM. Employee engagement therefore involves the harnessing of organisation staff to their employment duties and encouraging their emotional and physical participation (Rahimi and Gunlu 2016). Organisations with high employee involvement and commitment from top management to all levels have higher chances of success because it breeds a fervent sense of ownership. Staff at all levels develop a direct connection to the organisational objectives because their input in decision-making is valued (Rahimi and Gunlu 2016).

4.3.2.3 Perceived Benefits

Anticipated advantages that CRM can provide the organisation are referred to perceived benefits (Azevedo 2013). Bao and Sun (2010), added that the degree to which an innovation is considered as better than its predecessors is a key variable in most studies associated with CRM adoption. According to Ngah, Zainuddin and Thurasamy (2017) besides being a key predictor of CRM adoption, perceived benefits are also the major reason for the adoption of CRM by organisations. More managerial, finance and technological resources are allocated to an innovation that is perceived to have good returns (Azevedo 2013). Increased sales and profitability, increased

customer retention rate, improved customer satisfaction and reduced operating expenses are some of the major merits of CRM (Azevedo 2013; Bao and Sun 2010).

4.3.2.4 Firm Size

The size of an organisation is a vital organisational attribute for the adoption of IT. However, contradictory opinions regarding the field of study have emanated from the study of this factor of CRM adoption. Some research studies have recognised an affirmative relationship between firm size and CRM adoption while others show a negative relationship (Chavoshi, Sim and Hee 2015). (Azevedo 2013) indicated that big firms have a greater affinity to adopting new innovations due to their enhanced capacity to provide financial resources or covering the costs of integration and installation. On the other hand, what may cause small organisations to be able to innovate is easier availability of cross-functional cooperation (Chavoshi, Sim and Hee 2015). According Azevedo (2013) to CRM systems require a huge investment to cover the costs of adopting and integrating technologies.

4.3.2.5 Financial Commitment

Financial resources are a key factor when an organisation decides to adopt CRM technology (Azevedo 2013). Azevedo (2013) avers that the availability of capital to invest in IT projects expresses the seriousness of the intention to adopt a new technology. This is an important factor important cog in the implementation process since it requires huge investments, such as hardware purchase such as hardware, staff training and development, implementation and integration of systems and vendor and after sale support (Alshaw, Missi and Irani 2011). The availability of resources therefore galvanises top management to spearhead the adoption of CRM technologies by creating the necessary conditions for the CRM implementation (Azevedo 2013).

This study therefore proposed the following hypothesised relationships on organisational context.

H₇: Enterprises with greater TMS are more likely to adopt CRM.

H₈: Employee engagement has a positively influences CRM adoption by SMEs.

H₉: Higher perceived benefits will positively influence CRM adoption.

H₁₀: Firm size will positively influence CRM adoption.

H₁₁: Financial commitment will positively influence CRM adoption.

4.3.3 Environmental Context

Awiaqah, Kang and Lim (2016), established that the environment can impede or encourage an organisation's adoption of innovations. The elements external to the firm that influence the company's decision to adopt new applications, such as government involvement, customers and competitors are referred to as environmental context (Salah, Yusof and Mohamed 2019). The TOE framework therefore provides a platform for evaluating the adoption of CRM strategy; in that it takes into consideration both the external and internal aspects of an enterprise that can influence the adoption of new innovations (Matikiti, Mpinganjira and Roberts-Lombard 2018). In a nutshell, it is the context in which the business takes place (Azevedo 2013). For the purpose of this study, the environmental context denotes government support, customer and supplier satisfaction and competitive and customer pressure.

4.3.3.1 Customers Pressure

"The customer is always right," is a common phrase utilised in the marketing circles to ensure the organisation meets and exceed the customers' expectations (Nghah, Zainuddin and Thurasamy 2017). Customers are the life blood of every organisation; thus, firms must strive to meet the clients' demands at all costs. Pressure exerted by customers has been ranked third top variable when it comes to the adoption of e-consumer relationship management solutions (Salah, Yusof and Mohamed 2019). In the same vein, Nghah, Zainuddin and Thurasamy (2017) showed customer pressure together with competitive pressure can be top drivers in the adoption of social CRM.

4.3.3.2 Customer Satisfaction

CRM is widely premised on the notion that it is a means of enhancing customer retention and increased customer satisfaction over a long period of time. Thus most businesses have adopted and implemented CRM with a hope of enhancing consumer satisfaction levels, since it genuinely involves consumers and leverages and exploits interactive communication with enterprises to maximise their satisfaction (Jaber and Simkin 2016). CRM has afforded organisations the opportunity to achieve a

competitive advantage, by delivering improved value to clients (Azevedo 2013). He further argues that CRM applications foster organisational learning about consumers through the analysis of customer preferences and purchase behaviours across transactions through various channels. CRM can even be used to identify dissatisfied customers and help resolve their problems through the analysis of customer complaints platforms (Jaber and Simkin 2016).

4.3.3.3 Competitive Pressure

The degree of pressure that an organisation feels when competing with other similar companies is described as competitive pressure (Hasani, Bojei and Dehghantanha 2017). In the context of innovative applications, competitive pressure resembles the degree of pressure felt by a firm when it is recognised by competitors as an innovator and important driver of adoption and pressure exerted on an organisation by its rivals (Cruz-Jesus, Pinheiro and Oliveira 2019; Junior, Oliveira and Yanaze 2019). When analysing the strategic rationale underlying competitive pressure, organisations are able to affect the structure of the industry, leverage innovative ways to outstrip rivals and change the rules of competition thereby altering the competitive landscape (Azevedo 2013).

According to Chiu, Chen and Chen (2017), firms are pressured into adopting new technologies by perceived high competitive pressure. Effectively, with the market competition, firms are now seeking new methods, resources and solutions to reduce expenditure and achieve competitive advantage by improving their customer service levels (Cruz-Jesus, Pinheiro and Oliveira 2019). Furthermore, the competitive market has forced companies to identify consumers who are more likely to abandon. Organisations acting on these insights have become more proactive and willing to adopt CRM innovations to boost sales with up and cross-selling, reduce churn, become more efficient and profitable (Cruz-Jesus, Pinheiro and Oliveira 2019).

4.3.3.4 Governmental support

This variable can be considered to be the same factor as regulatory environment and is considered to be a critical factor that can influence the diffusion innovation (Azevedo 2013). Awiagah, Kang and Lim (2016), found that governments in the developed world play a participatory role in providing the empowering infrastructure for e-commerce to

thrive thus, the level of e-commerce and business is high. The government of South Africa has worked hard on the legislative framework for SMEs but it is still not clear whether this involvement has had a significant impact in the field of CRM (Alshaw, Missi and Irani 2011). Awiagah, Kang and Lim (2016), reiterated Bjorn's (2003) findings that governmental intervention occurs both as influence and as regulation, and that such interventions should emphasise knowledge, subsidies, and mobilisation. These trigger a sense of internal organisational readiness or behaviour control towards adoption.

4.3.3.5 Hypotheses

This study therefore proposes the following hypothesised relationships on environmental context.

H₁₂: Consumer pressure has a positive impact on CRM adoption

H₁₃: CRM adoption is positively influenced by emphasis on customer satisfaction

H₁₄: Competitive pressure will positively influence CRM adoption.

H₁₅: Governmental support will positively influence CRM adoption

4.3.4 Information Culture Context

Information culture is another key variable in the adoption of new technology in every organisation (Salah, Yusof and Mohamed 2019). Hannachi (2015) advanced the notion that information is the backbone of CRM; thus, a vibrant information culture is paramount within the organisation. Therefore, the development and maintenance of constantly high quality-quality consumer information is vital for the success of CRM. Salah, Yusof and Mohamed (2019), averred that the primary reason for CRM failure is treatment of CRM mainly as a technological tool and not as a strategy. The organisation must have descriptive, relationship and contextual information to effectively manage the customer relationships (Hannachi 2015). Information culture therefore plays an important role in influencing the success or failure of CRM initiatives. Information sharing, attitude towards the adoption of technology, information sharing, and integrity are adopted for this study.

4.3.4.1 Attitude towards adopting technology

An individual's inclination towards an object describes one's attitude towards that object. It can either be favourable or unfavourable (Matikiti, Mpinganjira and Roberts-Lombard 2018). When it comes to technology adoption, the general effective response of people towards IT is thus described as the attitude of the organisation towards IT (Salah, Yusof and Mohamed 2019). In IT adoption, managerial attitude towards use of CRM systems is deemed to be one of the significant predictors of technology adoption. An owner/manager with a positive inclination towards CRM will not hesitate to adopt a new IT (Matikiti, Mpinganjira and Roberts-Lombard 2018). Salah, Yusof and Mohamed (2019) concurred that individuals and organisations that generally have an aptitude for change are more creative and have a positive attitude towards IT adoption. However, resistance to change can be a major barrier to the adoption of CRM by SMEs (Matikiti, Mpinganjira and Roberts-Lombard 2018). Attitude is therefore an important factor that influences the adoption of IT.

4.3.4.2 Information integrity

Information integrity is defined as the information used in such a manner that is trustworthy and principled at the levels of the individual and the organisation (Salah, Yusof and Mohamed 2019). Once the information has been accessed, the enterprise must make sure that it can be easily interpreted, it is relevant and free of errors (Hannachi 2015). Continuous information quality evaluation is therefore a prerequisite for maintaining an integral CRM system.

4.3.4.3 Information sharing

The functions of managing knowledge are reflected in the basic CRM activities such as capturing consumer information regarding their preferences and needs, coming up with a system for sharing the data. It also involves sharing the information with other departments or other stakeholders within the supply chain and making good use of the disseminated information (Valmohammadi 2017). According to Brockman, Park and Morgan (2017), information sharing can also be referred to as information exchange. Jalali and Sardari (2015) mentioned that the interaction between producers and customers results in the sharing and exchange of unique and necessary information regarding new products, customer preferences and demand in the market place.

Salah, Yusof and Mohamed (2019) added that information sharing reflects the willingness to provide information to others appropriately and collaboratively.

This behaviour is vital when it comes to interdepartmental collaboration within the organisation and it must be prioritised by top management (Salah, Yusof and Mohamed 2019). Jabbar and Hussein (2017) postulated that individual customer information must be available at all customer touch points as information on consumers is shared throughout the firm. Information sharing thus becomes a fundamental function of CRM. Brockman, Park and Morgan (2017) explained that CRM suppliers play a vital role in their purchasing organisation's success coupled with trust and information sharing as both influence the access and interpretation of information by the purchasing company.

4.3.4.4 Hypotheses

This study therefore proposes the following hypothesised relationships on information culture context.

H₁₆: Positive attitude towards adoption of CRM influences the level CRM technology utilisation among SMEs.

H₁₇: Information integrity has a positive effect on CRM adoption by KZN SMEs.

H₁₈: Information sharing has a positive effect on CRM adoption

4.4 CHAPTER SUMMARY

This chapter analysed the theories that influence the adoption and implementation of CRM technologies by SMEs. The chapter focused on the TOE framework as the main theoretical framework for the study. This is in line with numerous studies that have employed the same framework in the study of adoption and implementation of CRM strategies by SMEs. This aligns well with the aim of the study which views CRM as a strategy and not only as a technological tool. Hypotheses were also developed to test the adoption and implementation process of CRM by SMEs. These hypotheses guided the development of the questionnaire to be administered among the survey participants. The next chapter focuses on the methodology of the study.

CHAPTER 5: RESEARCH METHODS AND DESIGNS

5.1 INTRODUCTION

This part of the study covers the discussion of the research methodology and the instrument that was chosen for this study. This chapter deals with the way data was collected to answer to the research question. The starting point to answering the research question would be to consider which tool to deploy to gather data. Saunders, Lewis and Thornhill (2009) argue that data collection methods are at the centre of what he calls 'the research onion'. The research onion is a layered pictorial presentation showing the researcher's choice of data collection of the research processes, research philosophies and strategies (Patole 2019). These techniques are discussed in this chapter and how they are directly related to the adoption and implementation of CRM strategies by SMEs in KZN.

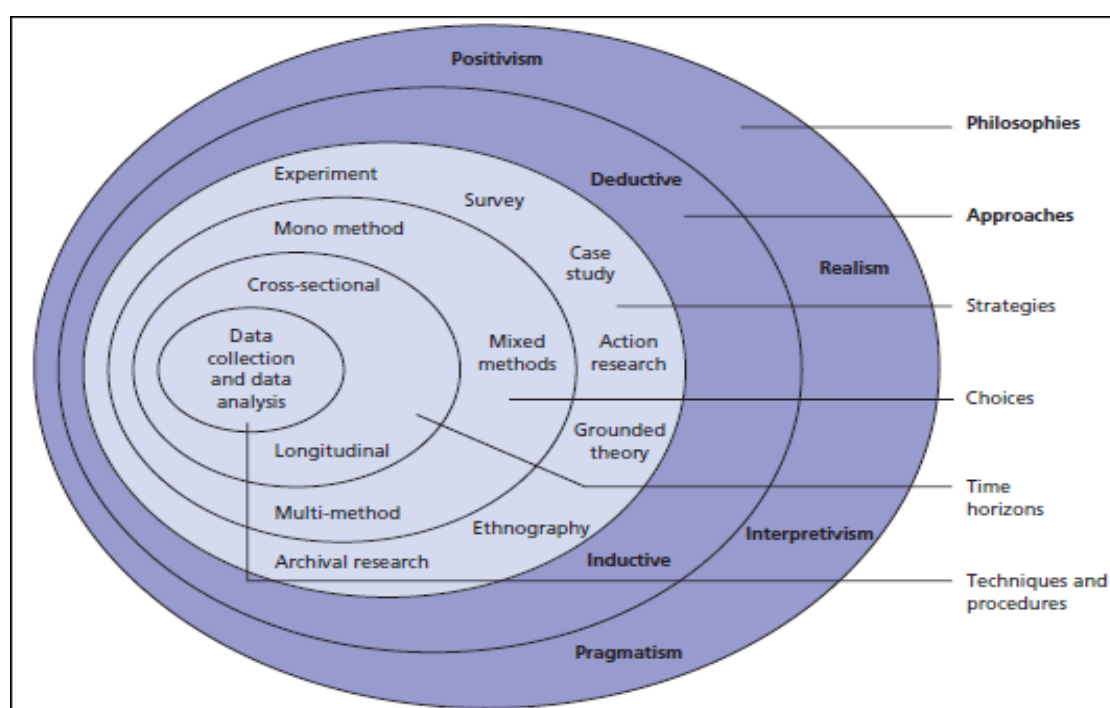


Figure 5.1: The research onion

Source: Saunders, Lewis and Thornhill (2009)

5.2 RESEARCH DESIGN

Researchers adopt a structured plan to examine a research problem and come up with a solution (Creswell and Creswell 2017). The research design is thus defined by

Creswell and Poth (2016) as the formal process through which data is gathered, synthesised and communicated to the relevant parties. Kothari (2017) further argued that the conditions for data collection and analysis need to be arranged in a manner that adheres to the research purpose. According to (Kothari 2017), the research design is an important aspect of research. The general strategy on how the study will respond to the research questions is therefore called the research design (Saunders, Lewis and Thornhill 2009). The main function of the research design is therefore to enhance the validity of the results and follows the appropriate research process (Creswell and Creswell 2017). Hypothesis testing research studies, exploratory research and descriptive and diagnostic research studies are the three main types of research designs (Kothari 2017). Neuman (2014) posited that research design can also be classified into qualitative, quantitative, and mixed methods and the choice is informed by the research question that needs to be answered and the nature of data to be collected.

The research used a quantitative approach because it made it easier and quicker to reach out to respondents (Dawson 2007). Desai and Potter (2006) posited that the researcher can develop a clear focus on specific hypothesis and questions. Miles (2013) noted that a quantitative methodology can be utilised in exploratory studies, when dealing with complex studies than require a yes or no hypothesis. The quantitative method was therefore suitable for the purpose of this study because the research questions reflected on the factors that affect the implementation and adoption of CRM strategies by SMEs. A systematic review of similar studies showed that scholars have used quantitative research (Patole 2019). Ali, Ishaya and Hassan (2015) also used the quantitative approach to examine the major factors influencing the adoption of CRM by SMEs in Malaysia.

The researcher endeavoured to identify and examine the significant factors that influence the adoption and implementation of CRM strategies by SMEs by utilising the quantitative research design. This approach examines the amount of data for one or more variables that are of interest to the researcher through generalisation and deductive reasoning. In deductive reasoning, the starting point is an established framework or theory, where variables have already been deduced from concepts and the researcher collects data to test whether a hypothesis is supported (Sousa, Driessnack and Mendes, 2007). This study measured the outcomes of the research

against an existing TOE framework. The intention was to validate, establish and confirm relationships and to contribute towards the growth of the body of CRM knowledge (Leedy and Ormrod, 2010). The major advantage of this approach is that its outcomes are objective.

5.3 DATA COLLECTION TECHNIQUE

The research adopted quantitative research analysis to evaluate the major factors affecting KwaZulu-Natal SMEs in the process of adopting and implementing CRM programmes. To address this problem adequately, a structured questionnaire (Josiah and Nkamare 2019) adapted from Salah, Yusof and Mohamed (2019) was designed based on the TOE framework. A questionnaire comprising 26 questions was used as the survey instrument to collect the data (Appendix C). Section A relates to the demographics, which examined the owner-manager characteristics such as position in the organisation, level of involvement, educational qualifications, gender, age, and race. The second part of the questionnaire investigated the business profile. Sections C and D investigated the perceptions of the respondents with regard to CRM factors that influence the decision to adopt and implement CRM programmes.

The basic five-point Likert scale with scores ranging from strongly agree to strongly disagree was used to gauge the responses of the participants. The Likert scale is one of the psychometric tools that is frequently utilised in social science research (Joshi et al. 2015). The Likert scale measures human attitudes towards a given construct (Joshi et al. 2015) and this aligns well with the aims and objectives of this study which is to measure the attitudes of SME owners towards the adoption and implementation of CRM strategies. The administration of the questionnaire was made easy by the use of Likert scale as it is easy to understand and respondents feel at ease to provide their perception without explaining themselves too much (Subedi 2016). The use of the Likert scale is in line with the study conducted by Gono, Harindranath and Özcan (2016) who also used the TOE framework to evaluate the adoption and implementation of IT in Gauteng. The 5-point scale is useful for this research because it provides less model misfit than the 4-point scale (Adelson and McCoach 2010). Dawes (2008) further converses that the 5-point scales increase the validity and reliability of the study than those with fewer scales. The 5-point scale was also chosen because it gives the respondents the opportunity to be neutral than being forced into

settling for a response which makes them uncomfortable. The 7-point scale maybe be more accurate (Joshi *et al.* 2015), but it only realises benefits when a research has fewer response items. The 5-point scale has its pitfalls, for instance respondents leaning towards extremes or neutral but the those that are forced into higher extremes are cancelled out by those in lower extremes (Sauro 2010). The study used the Likert scale and questionnaire survey as a way of gathering data. The 5-point scale is in line with the target audience that which is extremely busy thus complex data gathering techniques would make it difficult for the audience to give honest responses. 7- point was used as part of the pilot and respondents found it difficult to relate to the question with that type of scale, thus change was warranted. The 5-point scale is the most common type of scale that is used in many studies thus it gives us combative basis.

The data collection instrument was distributed to SMEs registered and funded by the Department of Small Business Development, supported by DUT at the CSE. The questionnaires were distributed in May 2018 and were received back in mid-August 2019 thus the questionnaire responses took about three months to come back. Constant reminders were sent to the participants to remind them to answer the questionnaire and its importance to the study. The questionnaires that were partially answered were discarded. The raw data was classified into numerical codes to extrapolate meaning from the data as this facilitated measurement comparisons and data conversion (Blair 2015). This coding allowed the use of analytical software like SPSS in the analysis. The accumulated data was subjected to multiple regression and correlational analysis (Rahimi and Gunlu 2016).

5.4 VALIDITY AND RELIABILITY

The extent to which a study evaluates what it claims to investigate is called validity (Marczyk, DeMatteo and Festinger 2005); that is, to the degree to which a process leads to the correct observation of a phenomenon (Creswell and Creswell 2017). Validity indicates the extent to which an instrument measures what it claims to measure and is the most important criterion to check the effectiveness of an instrument (Kothari 2017). Researchers can distinguish between two types of validity, that is, external and internal validity which are important when evaluating the validity of a research. A validity measurement provides insight into diverse phenomena that is to be investigated (Carmines and Zeller 1979). Due consideration was done in coming

up with reliable and valid data collection and analytical tools to gather information. The data collection tool was circulated among industry experts, academics and peers to check if it covered all aspects of the study objectives. This led to the re-phrasing and changing the order of questions. This is in line with the assertion made by Creswell (2014) that validity checks must be carried out to assess whether useful and meaningful deductions can be drawn from the research instrument. A sum total of 10% of the 384 planned population of interest (Marczyk, DeMatteo and Festinger 2005) was used in a pilot study to ensure validity. A pilot study highlights the deficiencies and weaknesses in the design of a proposed study instrument so that they can be addressed before the commencement of the study (Lancaster, Dodd and Williamson 2004). The results of the pilot study showed that part of the data set that was chosen did not elicit all the information that was needed to best answer the research question, thus part of the data set was discarded, and some questions were combined. It was also noted that most of the respondents spent about 15 minutes to answer the questionnaire. It was further observed that most of the respondents did not respond to the questionnaire as soon as they got it, thus constant reminders had to be sent to get the responses from them.

It was noted by Creswell and Poth (2016) that the repeatability and consistency of a research instrument is of paramount importance. The rationale behind reliability is that any significant findings must not be once off. The same study or research carried out under the same conditions must yield the same results; thus, repeatability is vital (Kothari 2017). This therefore confirms earlier findings and ensures that the results are accepted by the wider scientific community (Trochim, 2005). The strength of the findings and validity of a scientific experiment are determined and enhanced by reliability. The researcher made sure that all variables were adequately measured and pre-tested (Neuman 2014) with the general population for validity and the results were not part of the actual study. The reliability coefficient of the data collection instrument was checked using the Cronbach alpha test. It is extensively used in research studies to assess reliability (Abed 2020). Cronbach alpha is a measure of the internal reliability of consistency among various items, ratings or measurements (Bujang, Omar and Baharum 2018). The values range from 0-1, indicating that variables with higher numbers measured the same aspects while those with lower values mean that they did not gauge the same dimensions (Bujang, Omar and Baharum 2018). Variables

with a statistical significance value of 0.05 or above were considered to be internally reliable for this study (Rahimi 2017a).

5.5 DATA ANALYSIS TECHNIQUE

The participants' responses gathered through the survey instrument were presented. The raw data was coded to derive meaning from the key features to facilitate measurement comparisons and data conversion (Blair 2015). This coding allows the use of analytical software like SPSS in the analysis. The statistical package, SPSS version 25, was used to analyse the accumulated data. The study ran a t-test for equality of means to check the statistical independence of variables. Descriptive, inferential statistics and logistic regression were also used to analyse and present the research findings. Conner (2017) noted that descriptive statistics provide the researcher with brief synopsis and observations about a particular set of information that are easy to digest. Descriptive statistics on their own cannot suffice to make an informed and reliable conclusion about a study; thus, other methods of analysis like inferential analysis need to be used. Inferential statistics use data from a randomly selected sample to describe and generalise for the whole population (Gibbs, Shafer and Miles 2017; Ali and Bhaskar 2016). This approach also allows inferences and comparisons to be made from research data (Simpson 2015). Bradley and Brand (2016) added that inferential statistics can be used to accept or reject a research hypothesis.

Logistic regression is one of the main methods used to solve binary classification problems (Midi, Sarkar and Rana 2010) such as establishing whether a firm adopted and implemented CRM as part of their strategy or not. Logistic regression has been used in many sectors like banking, health care and risk management to solve binary problems and achieved highly accurate results (Thabtah, Abdelhamid and Peebles 2019; Valaskova, Kliestik and Kovacova 2018; Serener 2016). Logistic regression was thus used in this study to identify key variables which influence the adoption and implementation of CRM strategies by SMEs in KZN. This approach was adopted in because it avoids confounding effects by analysing the association of all variables together (Sperandei 2014). The use of logistic regression further extends previous efforts on the subject carried out by Gono, Harindranath and Özcan (2016) who used Kruskal–Wallis measure which could not ascertain the effect of other variables

regarding the adoption of CRM by SMEs. As such, logistic regression was harnessed as it enables the researcher to identify the impact of key factors on the adoption of CRM and develop a framework that can be used to predict SME CRM adoption. Logistic regression is also appropriate for this study because after identifying the key drivers of adoption, it was used to create a framework that predicts the adoption and implementation of CRM strategies by SMEs. This will therefore be a tool that can be used by key stakeholders like CRM practitioners, academics and policy makers in devising strategies to ameliorate SME failure in KZN and South Africa at large. Logistic regression does not only provide a measure of how appropriate a predictor is, but it goes further to direction of association (Sperandei 2014). As such, just like any other modelling exercises, logistic regression requires data set assessments to examine the correlation among the independent variables. Variables whose statistical significance level were less than 0.05 (Gono, Harindranath and Özcan 2016) were progressively entered into the model (Rahimi 2017a). The regression equation derived from the TOE framework and demographics (owner-specific and firm profile) were applied to the just removed subset to estimate their influence on the adoption and implementation of CRM strategy by SMEs in KZN (Chou et al. 2001). Following (Casella, Fienberg and Olkin 2017) logistic regression is given by Equation (5.1)

$$\log \left[\frac{p(X)}{1 - p(X)} \right] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_p X_p \quad 5.1$$

where $p(X)$ denotes outcome (CRM adoption and implementation) probability, β_0 is the intercept, $\beta_1, \beta_2, \dots, \beta_p$ represent model coefficients, X_1, X_2, \dots, X_p are adoption and implementation drivers. However, it is prudent to note that logistic regression has some limitations like dichotomous dependent variables leading to loss of rich information brought about by classification (Ranganathan, Pramesh and Aggarwal 2017). However, this had limited effect on this research because the nature of the investigation was dichotomous. Logistic regression attempts to predict outcomes based on a set of independent variables, but if researchers include the wrong independent variables, the model will have little to no predictive value (Heyer and Stamm 2013). The researcher made sure that the right independent variables were included to avoid this pitfall.

5.6 POPULATION AND SAMPLING

The sum total units of analysis about which the researcher wishes to use to make particular deductions was defined by Welman, Kruger and Mitchell (2005) as a population. As such, this study is guided by (SEDA 2020) report which showed that 400 967 SMEs operate within KZN. This therefore was the target population of this study. Following (Israel 1992), the sample size was calculated using Equation (5.2) below:

$$n = \frac{n_o}{1 + \frac{(n_o - 1)}{N}} \quad (5.2)$$

Where, n is the sample size, N the population size and n_o is defined by $Z^2 pq / e^2$, here Z^2 is the desired confidence interval, p is the estimated proportion of an attribute that is present in the population, and q is $1 - p$ and e is the margin of error (Israel 1992) It must be noted that the sample size was calculated based on the proportion and not based on the mean value because the calculation of the sample size for the proportion generally will produce a more conservative sample size than will be calculated by the sample size of the mean (Israel 1992). Israel (1992) further noted that the demerit of using the mean is the necessity of a good estimate of the population variance which is usually not available. In addition, the sample size can vary widely from one attribute to another because each is likely to have a different variance. Because of these problems, the sample size for the proportion was used the preferred choice for this research. Given that the population of SMEs in KZN is 400 967; therefore, the sample size for the study was 384.

To leverage on this, the researcher engaged the CSE at DUT funded by the Department of Small Business Development which has a registry of SMEs spread across the province of KZN. The population was identified in such a way to glean diverse and sufficient views pertaining to the factors that influence the adoption an implementation of CRM strategies by SMEs in KZN. Out of the 384 questionnaires that were sent out, 193 usable responses were received, a response rate of 50.3% usable questionnaires. This is more than the 27% response rate obtained by Gono, Harindranath and Özcan (2016) who conducted a related study on SMEs situated in Johannesburg. It must be noted that 63 responses were deleted because they were

incomplete and of low quality. Rigorous checks were done to ascertain the quality of the questionnaires.

5.7 ETHICAL CONSIDERATIONS

The researcher signed documentation disclosing commercial interests as a means of minimising conflict of interest prior to the commencement of the study. For the questionnaire, a consent form (Miles 2013; Desai and Potter 2006) was developed written in simple language. The purpose of the study was explained and why the respondents were chosen to participate giving them a clear idea of what to expect, as well as any benefits to the respondents or to others. Participants were reassured of confidentiality of the findings (Dawson 2007). The researcher clarified and emphasised that the participants were at liberty to withdraw from the survey at any given time. All risks involved in this study (Miles 2013), if any, were highlighted beforehand, be they of a financial, psychological or social nature. All necessary steps were taken to ensure that no physical harm was suffered by anyone during this research. The researcher was granted an Ethical by DUT (Appendix A) and the gate-keepers letter from CSE (Appendix B) as part of the research process.

5.8 LIMITATIONS OF THE STUDY

The research was confined to SMEs registered and funded by the Department of Small Business Development, supported by DUT at the CSE and was limited to KwaZulu-Natal. In mitigation of the above limitation, the study investigated a wide spectrum of sectors within the province. Thus, the results may not be a true reflection of all SMEs in KwaZulu-Natal and all SMEs in South Africa. The research cannot be generalised to other SMEs in other provinces. Future research can test the TOE framework on the wider KZN population including those not under incubation programmes. This study examined the whole SME sector. It would be interesting to examine one sector and post-adoption research studies can be undertaken.

5.9 CHAPTER SUMMARY

It can be ascertained from the above discussion that the researcher evaluated the requirements of the research and the most appropriate research technique was therefore selected. The research was guided by previous studies when it came to the size and selection of the study units. The quantitative research methodology was

utilised to gather data from the research population. The data collection tool was developed in line with the TOE, and it was made up of the owner-manager specific characteristics, organisational profile and the factors that influence the adoption process. Cronbach alpha was used to test the validity of the questionnaire. The data analysis and presentation techniques and tools were selected in line with the aims and objectives of the study. The ethical considerations and limitations of the study were also discussed.

CHAPTER 6: DATA ANALYSIS, PRESENTATION AND DISCUSSION OF RESULTS

6.1 INTRODUCTION

This chapter presents the analysis of primary data that was gathered with aim of examining the factors that influence the adoption and implementation of CRM strategies by SMEs in KZN. This chapter is divided into three sections which are descriptive, inferential statistics and regression analysis. A questionnaire that had 26 questions was used as the survey instrument to collect the data. The researcher received 193 responses out of the 384 questionnaires that were sent out, a response rate of 50.3%. Gono, Harindranath and Özcan (2016) who carried out a related study in Johannesburg had a response rate of 27%. The raw data was classified into numerical codes to derive meaning from the key features and this facilitated measurement comparisons and data conversion (Blair 2015). This coding allowed the use of analytical software like SPSS in the analysis.

6.2 DESCRIPTIVE STATISTICS

Many researchers have acknowledged that descriptive statistics are a vital part of the presentation and discussion of research findings (Turner and Houle 2019). The reporting of information from all the respondents is hardly realistic; thus an overview of the traits of the sample data are utilised to effectively communicate this information in a simple and understandable way (Turner and Houle 2019). Vetter (2017) defined descriptive statistics as a particular methodology essentially used to summarise, calculate and describe accumulated data in an efficient, meaningful and rational manner. Conner (2017) further noted that descriptive statistics provide the researcher with brief synopsis and observations about a particular set of information that are easy to digest. It provides a pictorial presentation of information through diagrams and graphs.

Descriptive statistics are very important for this study because the demographic characteristics of the participants and the organisation are presented in a simple reasonable way that is easy to comprehend. These demographic traits an important role in the adoption and implementation of CRM strategies since the personalities of the owner-managers are reflected in the operation of the organisation. Even though

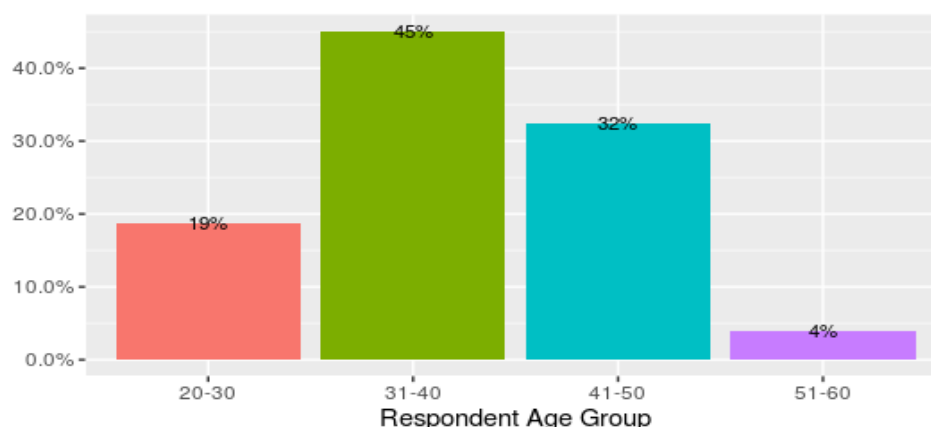
the demographic traits are not mentioned in the theoretical framework, they are vital for this research since they give an insight into the sample personalities which may influence the decision to adopt and implement CRM strategies (Salah, Yusof and Mohamed 2019; Simpson 2015). The owner-specific and business biographical factors were captured and explored in this section and they were further harnessed in section 6.4 in which logistic regression was used to ascertain their significance on the adoption of CRM strategies by SMEs in KZN.

6.2.1 Owner/Business characteristics

This section covers question 1-14 of the survey instrument. The owner-manager characteristics and the business profile are analysed together. Past studies have revealed that SMEs are organic organisations implying that they take on the characteristics of the owner-manager. It is therefore paramount to examine them because they shed light into the thought process that influences the decision to adopt CRM strategies.

6.2.2 Owner/Employee age group

Almost half of the respondents were (45%) were aged between 31 and 40. This is supported by the outcome of the SEDA (2020) which reported a notable increase in the number of owner aged 30 to 39. Those aged between 41 and 50 made up 32% of the population. While 19% of the respondents were aged between 20 and 30 years. This is consistent with the report that was released by SEDA (2020) which showed that a decrease of the those SME owners in the 20 to 30 age group. Those between 51 and 50 years of age comprised 4%. However, this is in contrast to the increase that was noted in the third quarter of 2019 (SEDA 2020). Research findings by Salah, Yusof



and Mohamed (2019) also showed that those aged 51 or more were the majority while there was a decrease in those aged 20 to 30 years.

Figure 6.1: Ages of respondents

6.2.3 Respondents' gender

The majority of the respondents (60%) were men while 40% were women. The outcomes of the report done by SEDA (2018) found that 37.9% of the SME employers were women. This may be due to the fact that participants in this study were from the technical sectors like engineering and construction which is a male-dominated industry was the dominant industry (Powell and Sang 2015). This is consistent with the results of a study carried out by Dikgwatlhe (2014) in the North-West province of South Africa which showed that men were the majority of SME owners.

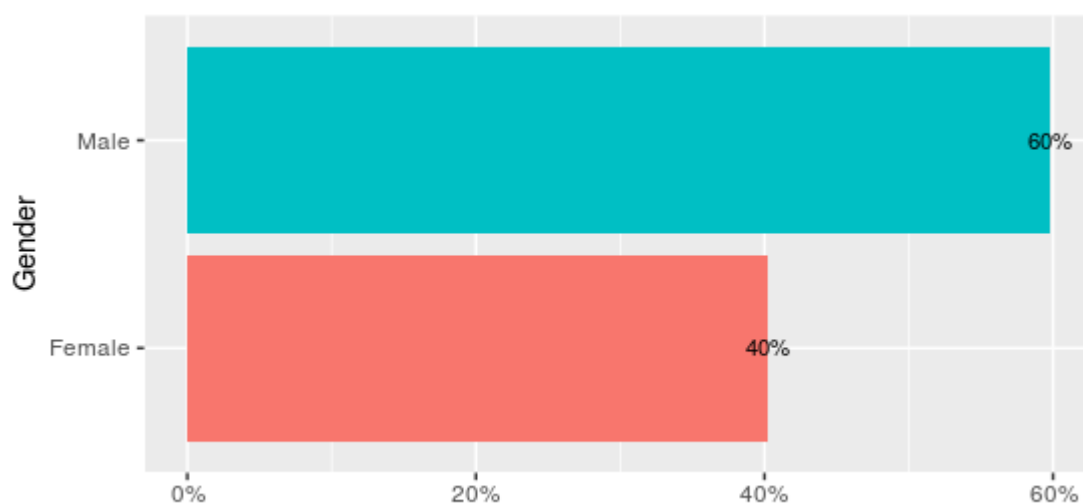
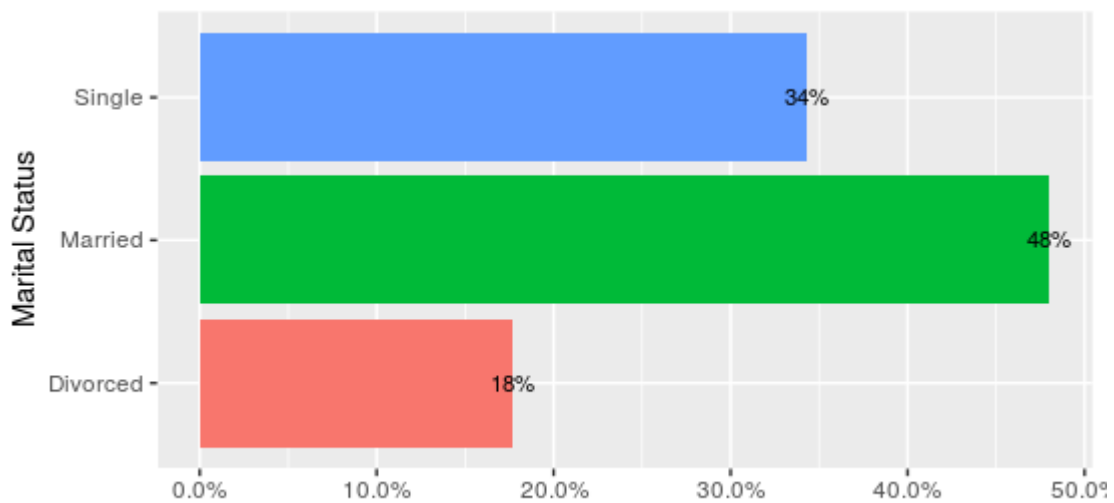


Figure 6.2: Gender of respondents

6.2.4 Participants' marital status

The research found that 34% of the participants were single, while 48% were married and 18% were divorced. It can be inferred that married couples have the added responsibility of ensuring that they leave a legacy, thus they are likely to seek for strategies that enhances sustainability and longevity of the business.

Figure 6.3: Marital status of respondents



6.2.5 Racial grouping

Black Africans dominated this section with 64.7% of the participants. This is consistent with the BBBEE policy of the government to economically empower the previously disadvantaged population by helping them to join the mainstream economic activities (Kunene 2014). The Indian community contributed 18.6% of the participants due to the fact that the largest concentration the Indian community is in the province of KZN (Dickinson 2015). The remainder is made up of the coloured race (9.8%) and whites (6.9%).

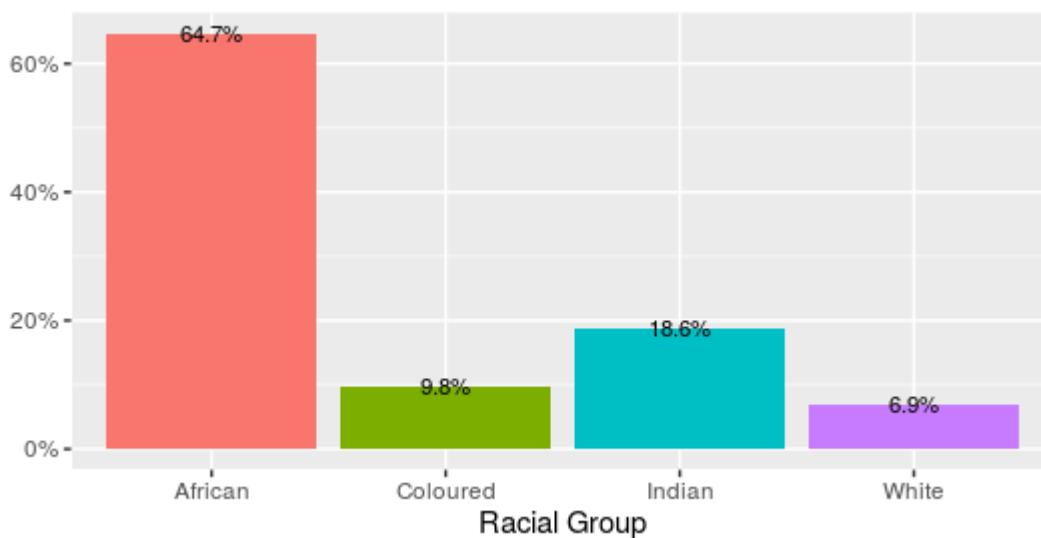


Figure 6.4: Racial groups of respondents

6.2.6 Educational level

The level of education is considered to be an important variable when it comes to CRM adoption.

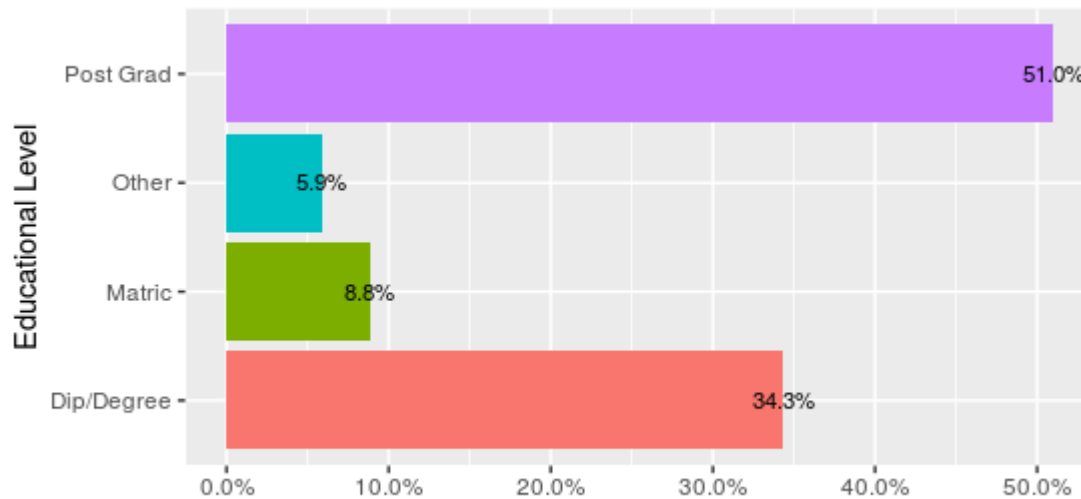


Figure 6.5: Qualifications of respondents

The respondents who had post-graduate qualifications comprised 51% while those with a degree/diploma comprised 34.3% of the research population. Matriculants (8.8%) and other qualifications completed the field. This is also consistent with findings that the manufacturing/engineering/construction sector was the dominant sector. One need to have the basic qualifications to venture into this sector; for example, one has to have a degree or better. This is supported by Salah, Yusof and Mohamed (2019) who examined the adoption of CRM strategies by SMEs in Palestine. Their results were dominated by participants with degrees or higher qualifications.

6.2.7 Respondents' role in the organisation

The majority of the respondents (75%) indicated that they were the owners of the enterprises. This is in line with the findings of the SEDA 2019 third quarter reported which found out that the number of SMEs had increased by 97 000 while employment figures fell by 100 000. This implies that most of the owners work for themselves. 25% of the participants were employed in some capacity in the small firms. It was also found that 77% of the participants of the study carried out on Palestine SMEs were in managerial positions and one of the characteristics of SMEs is that they were largely owner-managed (Salah, Yusof and Mohamed 2019).

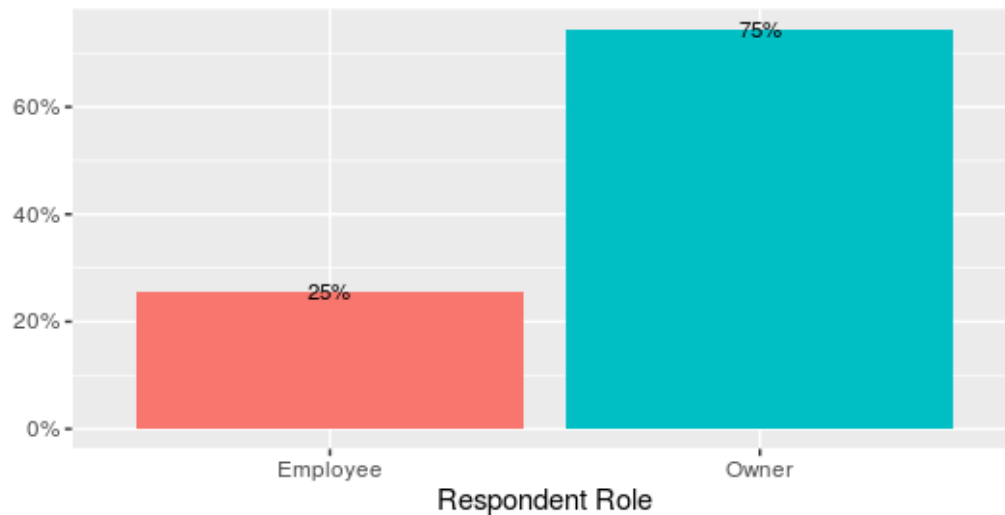


Figure 6.6: Respondents' roles in the SMEs

6.2.8 Association membership

It can be ascertained from the analysis that 53.9% of those who took part were affiliated to a business organisation while 46.1% were not. This may be due to the fact that the participants were encouraged to be members of an association by the mentors at the incubator as part of innovation diffusion and networking (Lose 2016). However Dikgwatlhe (2014) found out that only 30% of the participants were affiliated to a professional body. Membership of any association depends on the type of industry.

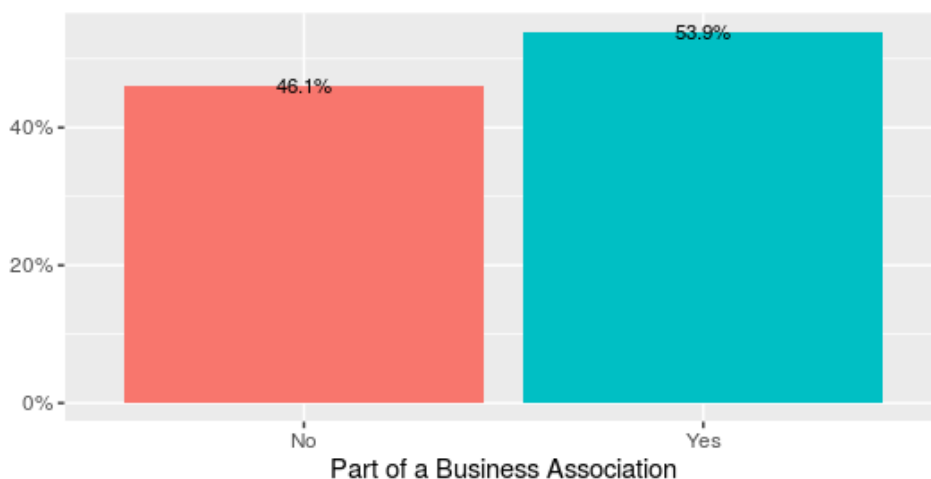


Figure 6.7: Membership of associations

6.2.9 Year of establishment

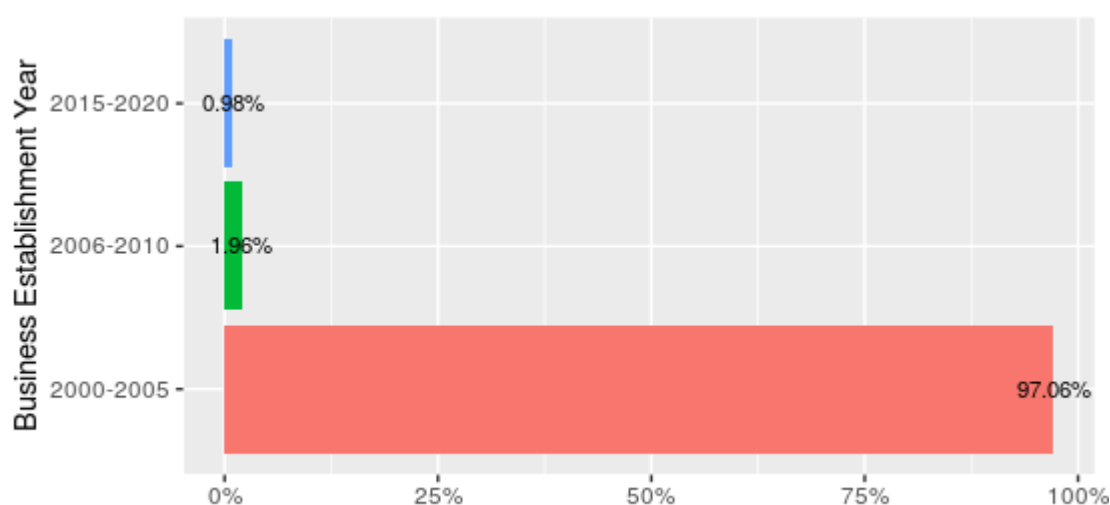


Figure 6.8: Year of establishment of the SMEs

The study found that 97.06% of the businesses were established in 2000 to 2005. However, this is inconsistent with research studies that have shown that most of the small businesses fail within the first year of establishment (Riaz and Mushtaq 2017). The longevity of these businesses could have resulted from institutional support the SMEs are getting from the government through incubator programmes. These programmes assist start-ups from inception until they are weaned as well as post incubator support. The SMEs under investigation are part of the CSE at the DUT incubator programme. Less than 3% of the SMEs were established between 2006 and 2020. The 2019 quarterly report from SEDA suggested that the low number of young enterprises may be due to the fact that most of them operate informally and are regarded as side jobs to supplement incomes from formal employment. They can only be declared as official once one loses mainstream employment (SEDA 2020).

6.2.10 Registration type

Business registration is one of the pre-requisites for admission into the incubator programme at the CSE at DUT, so it is not surprising that all the businesses that were surveyed are legal entities. Of the enterprises, 97.06% are privately owned which is consistent with the definition of SMEs proffered by the NBCA (Republic of South Africa 1996). The high number of registered businesses is in line with the research findings

by Dikgwatlhe (2014) which observed that private entities and sole proprietors accounted for almost 65% of the organisations that were investigated.

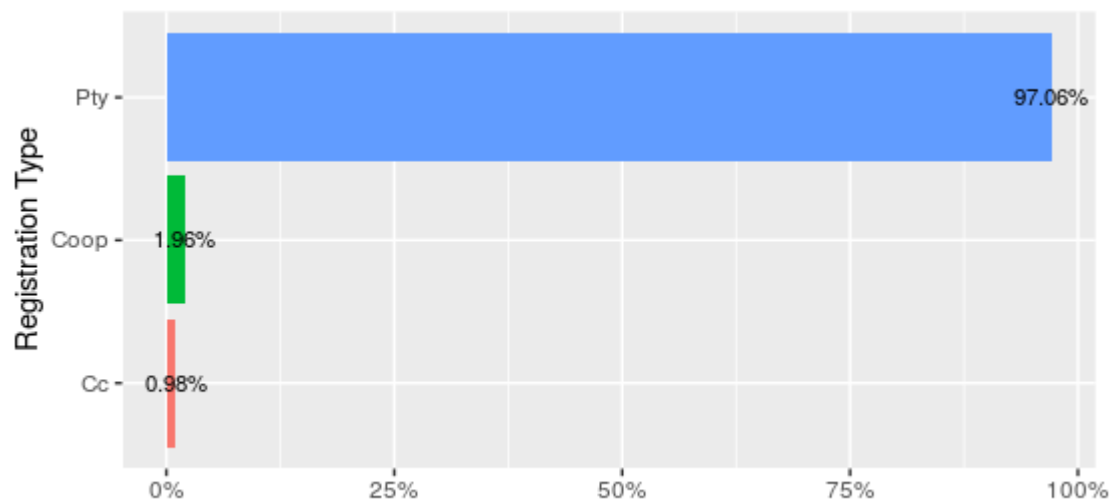


Figure 6.9: Registration types of SMEs

6.2.11 Sector

Small enterprises operate in diverse sectors of the economy and 50% of the participants were in the engineering/construction industry followed by manufacturing (22.5%), 17.6% for retail/services. This sector included hotels, guest houses, lodges, and restaurants. Agriculture (8.8%) and logistics (1%) completed the distribution of the participants.

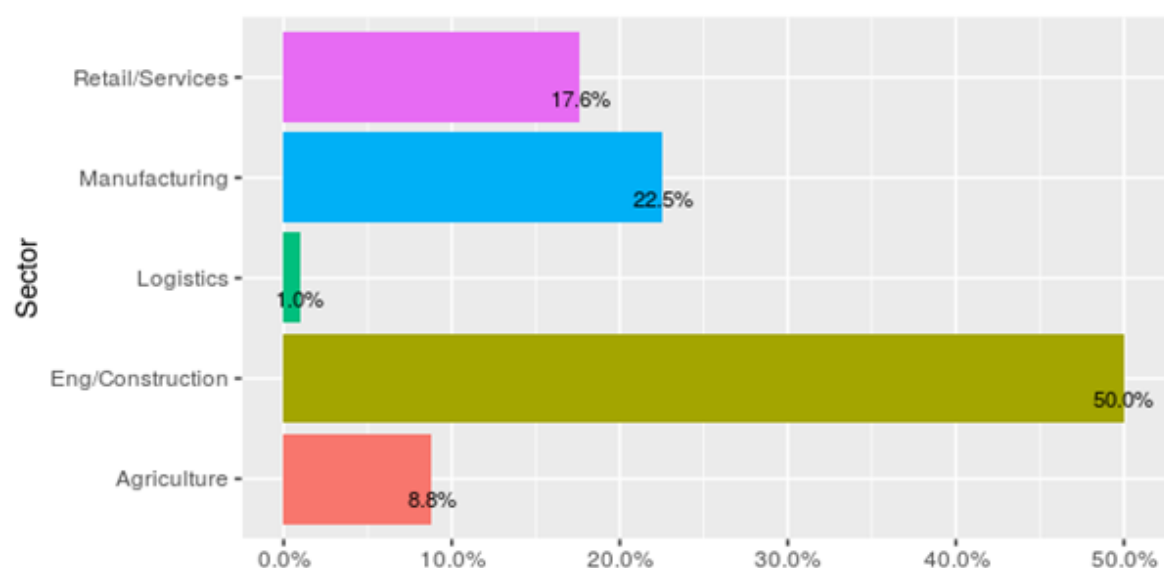


Figure 6.10: Sector in which SMEs operate

6.2.11 Number of workers

The South African government has earmarked SMEs as a tool to fight one of the three challenges, namely, unemployment (Cele 2015) that has threatened the socio-political stability of the nation (Ramukumba 2014). Results show that the majority of SMEs employ 10 workers or less which means the SMEs have not fulfilled the government's expectations. Research results have in fact shown that the number of people employed in the SME sector declined in the third quarter of 2019 while the number of SMEs increased (SEDA 2020).

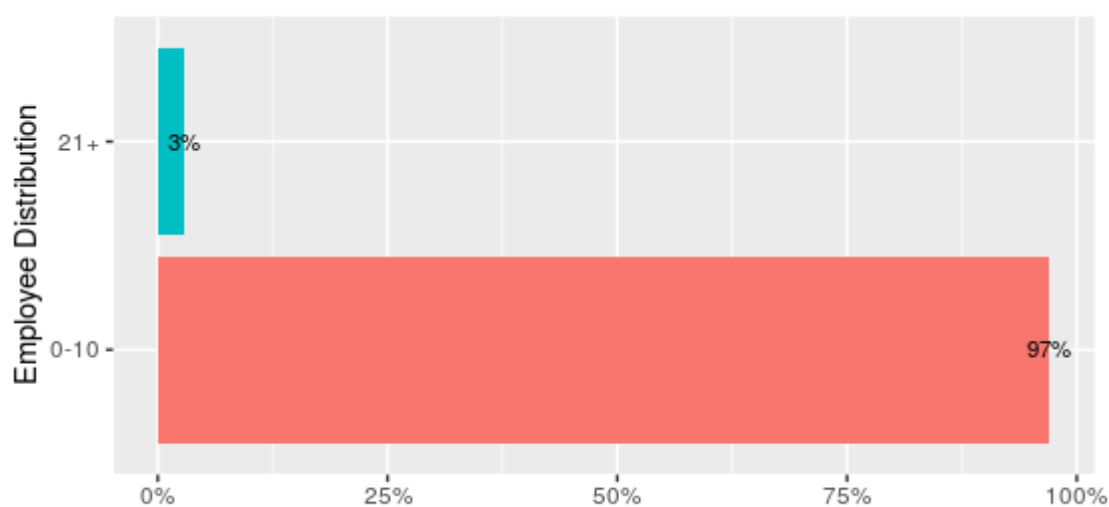


Figure 6.11: Average number of workers

6.2.13 Turnover

The study found that the vast majority of SMEs (88.2%) had a total annual turnover of R7.5 million or less, and 9.8% of the businesses had a turnover of between R7.5 million and R25 million while 2% of the enterprises exceeded the R25 million mark. This is true in the context of the numerical definition of SMEs in South Africa which capped the annual turnover of SMEs at R50 million (Republic of South Africa 1996). SMEs play an important role in the economies of the emerging economies. The share of the SME contribution to the total economy can be a measure of their contribution to the GDP of the country (SEDA 2018).

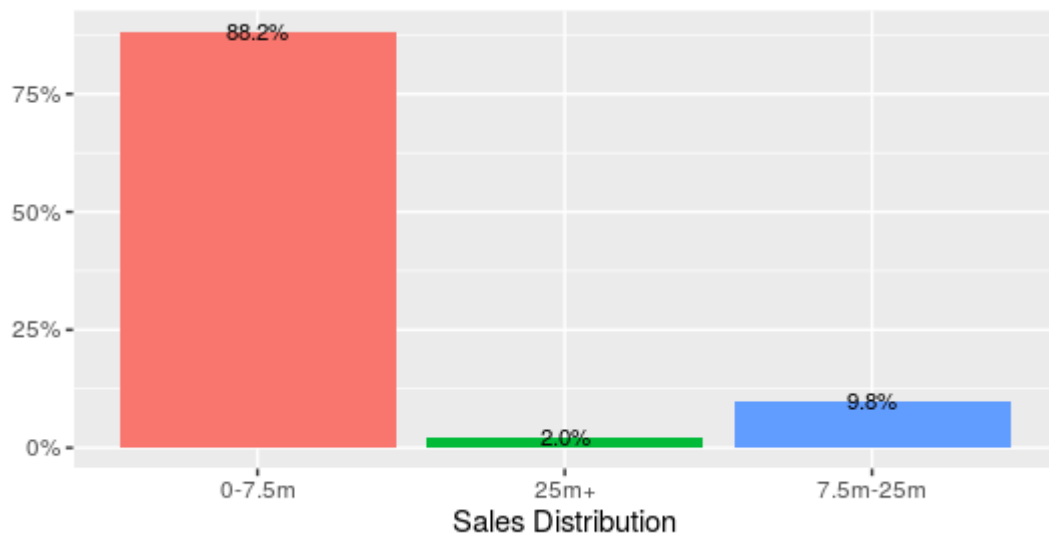


Figure 6.12: Turnover of SMEs

6.2.14 Awareness of CRM

Awareness of the concept of CRM is one factor that can influence the adoption and implementation of CRM innovations. The majority of the participants (74%) had some knowledge about CRM while 26% were not aware. This is also aligned with the findings by Patole (2019) who established that the majority of the respondents (74.6%) had been aware of the CRM concept for one or more years.

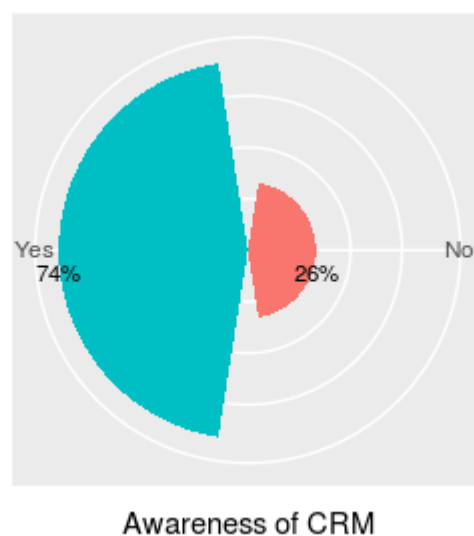


Figure 6.13: Awareness of CRM among SMEs

6.2.15 Marketing Methods Used

The study found that 48% of the SMEs were still using the traditional methods to market their businesses, closely followed by social media which was being used by 42.2% of the participants and 9.8% used CRM applications for marketing. Businesses can improve product awareness and market share through various forms of marketing (Patole 2019). Diverse strategies ranging from the traditional approaches such as websites, newspaper advertisements, brochures and pamphlets, social media which has taken advantage of the new innovations and the ubiquity of internet to market their services and goods (Herrington and Kew 2016) and other firms have used the more sophisticated applications of CRM to gain a competitive edge over rivals and create long-term relationships with consumers (Roopchund 2019).

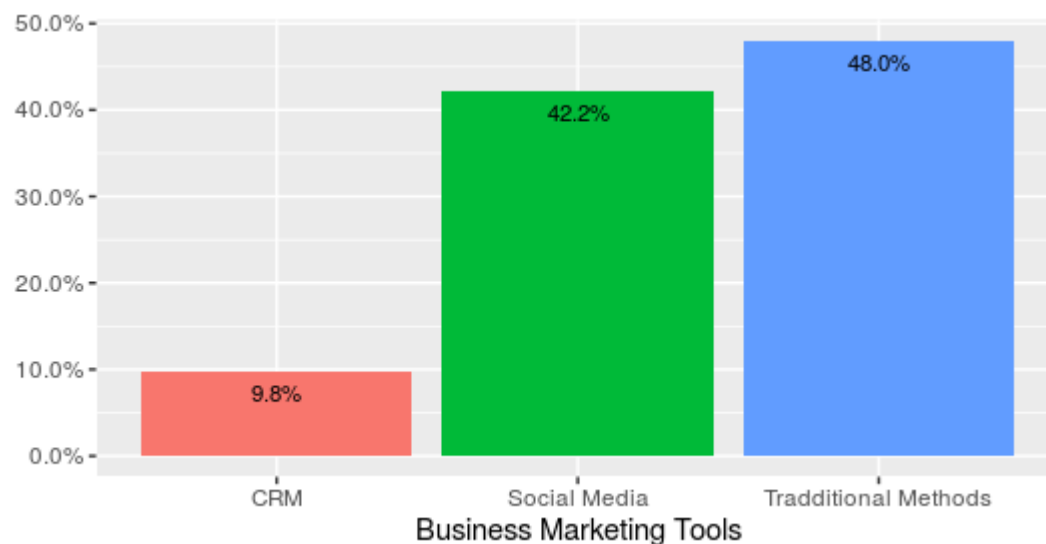


Figure 6.14: Business marketing tools used by SMEs

6.3 INFERENCE STATISTICS

Descriptive statistics on their own cannot suffice to make an informed and reliable conclusion about a study; thus, other methods of analysis like inferential analysis need to be used. Inferential statistics use data from a randomly selected sample to describe and generalise the results for the whole population (Gibbs, Shafer and Miles 2017; Ali and Bhaskar 2016). Inferential statistics are also used to draw conclusions and to make comparisons from the research data (Simpson 2015). Bradley and Brand (2016) argued that the test estimate measurement ('acceptance procedures') can help the study to accept or reject a hypothesis. This is important because it is not possible to

examine every member of the population. The aim is to test or answer a hypothesis which is a normal technique for making logical determination about the authenticity of detected effects (Ali and Bhaskar 2016). A statistical significance test such as the t-test is used and expressed in p-values (Hofmann, Meyer-Nieberg and Uhlig 2018) which are the most common inferential statistics used in research studies (Simpson 2015). This study also used the t-test for evaluating the means of the data. Inferential statistics were vital for this study because they helped to answer the research question, examine the design of the study and validate the measuring instrument (Simpson 2015).

6.3.1 Technology Context

The technological factors considered for this study were information security, relative advantage, data quality and integration, understanding of technology, complexity and compatibility.

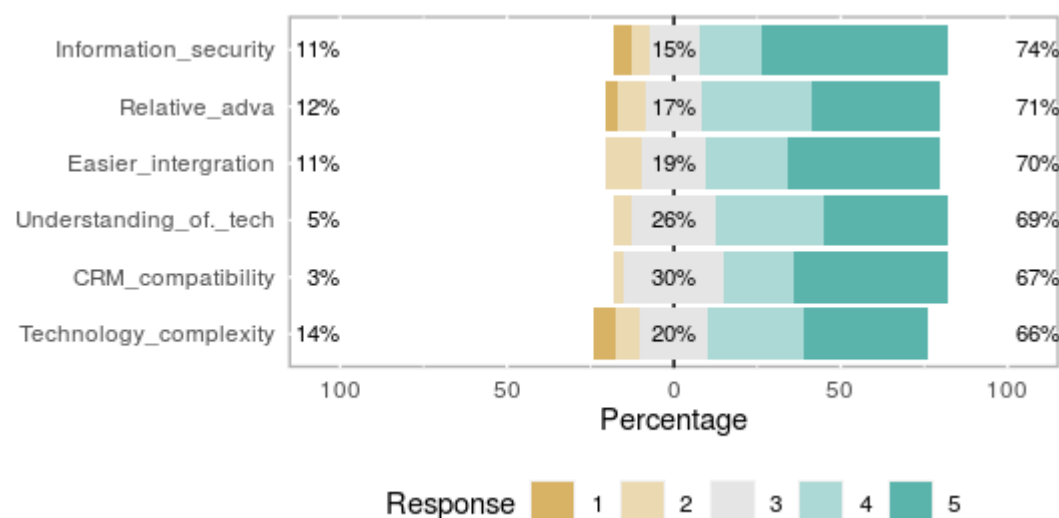


Figure 6.15: Technology context

The analysis showed that when it comes to information security, 11% of the participants disagreed with the notion that the security of customer information has an influence on CRM adoption, while 15% were not decided on the impact of customer information security on adoption. The majority of the respondents (75%) agreed that the security customer information influences the adoption of CRM strategies. The findings confirmed Hypothesis 6 which stated that security of customer information will influence CRM adoption by SMEs. Relative advantage is another factor that was

supported by the participants. The majority (71%) of the participants agreed while 17% were undecided and 12% disagreed. The results confirmed Hypothesis 5 that relative advantage will have a significant influence on attitude towards adoption of CRM strategies by KZN SMEs. It therefore implies that SMEs in the province will consider the advantages of innovation before adoption and implementation.

The findings confirmed Hypothesis 4 which stated good data quality and integration will positively influence CRM adoption. The minority (11%) disagreed, 19% were neutral and the majority (70%) agreed. The results are supported by research done by Salah, Yusof and Mohamed (2019). When it comes to understanding of technology, it was observed that 69% of the research population agreed, 26% were uncertain and 5% disagreed. This means that it supported the Hypothesis 2 which stated that the level of understanding of technology influences the decision to adopt CRM.

Technology complexity is another factor that was taken into consideration. The majority (66%) agreed with the hypothesis, 20% were not sure and 14% disagreed. The results confirmed the Hypothesis 3 which stated that complexity will negatively influence CRM adoption by SMEs in KZN. When considering compatibility, it was noted that a minority (3%) disagreed, 30% were not decided and the majority (67%) agreed. The outcomes of the research confirmed the hypothesis that compatibility positively influences CRM adoption. It thus implies that SMEs in KZN are ready to adapt CRM if it is compatible with their values, culture and existing technology.

The technology construct had an average total alpha coefficient of 0.89 which is higher than 0.60 which was considered to be acceptable (Nunnally 1994). However a coefficient that is greater than 0.7 is regarded as more reliable (Dubey and Sangle 2019). This therefore means that the minimum standards were met for the questionnaire to be considered valid. This is in line with the results that were obtained by Rahimi and Gunlu (2016) who carried out a study on CRM adoption in the hotel industry in the UK. The study ran a 2-tailed t-test for equality of means to check for statistical independence and that the responses were not by chance. All the variables in this construct had a p-value < 0.05 which is within the cut-off point, meaning that the results can be generalised across all SMEs in KZN. This, therefore, means that the data collection instrument's variables measured the same ideas and were consistent.

The findings of the study confirmed that relative advantage is a variable that was supported by SMEs in KZN when it comes to the adoption and implementation of CRM. Awiagah, Kang and Lim (2016) postulated that relative advantage is the degree to which an innovation is considered to be better than the idea it seeks to replace. Organisations stand to gain a competitive edge over their rivals, increase the bottom line, increase customer service and retention and improve corporate image if they adopt CRM (Hasani, Bojei and Dehghantanha 2017). This is in line with the results of the research study carried out in Slovenia by Marolt (2018) to assess the influence of CRM adoption on CRM. However, this contradicts the results that were obtained by Azevedo (2013) who studied small enterprises in Lisbon, Portugal. The differences may arise from the fact that Portugal is a highly developed country while South Africa has not reached the same levels of development. This, therefore, implies that there are other reasons for the adoption of CRM besides relative advantage such as reducing operational costs, improved consumer satisfaction and enhancement of customer retention rates.

The study also found that SMEs in KZN do not want complicated technology when it comes to CRM implementation. Complexity has often been cited as a deterrent to CRM adoption (Ahani, Rahim and Nilashi 2017a). One must be cognisant of the fact most of the firms operate on simple technology; thus, they tend to avoid complex innovations. Contrary to the above, Ahani, Rahim and Nilashi (2017b) who carried out a study about social CRM adoption in small firms in Malaysia had their hypothesis on complexity nullified. This may be because the SMEs in Malaysia are highly exposed to CRM technology while it is considered to be in its infancy in developing communities like South Africa. Overall, the outcomes of this research when it comes to the technological context are in line with other studies that argued that technological context plays a vital role in the adoption and implementation of CRM strategies (Dubey and Sangle 2019; Awa, Ukoha and Emecheta 2016; Rigo *et al.* 2016; Almotairi 2009).

6.3.2 Organisational context

The organisational context is considered to be of paramount importance in the adoption of CRM. The factors were TMS, financial resources, firm size, sales growth, employee training and engagement and perceived benefits.

When it comes to TMS, it was noted that most (80%) of the participants agreed, 16% were undecided and 4% rejected the postulation. The outcomes of the research confirmed Hypothesis 7, that enterprises with greater TMS are more likely to adopt CRM. In the case of financial resources, it was observed that 77% of the respondents supported the hypothesis, 18% were undecided and 5% disagreed. The results confirmed Hypothesis 11 which stated that financial commitment positively influences CRM adoption.

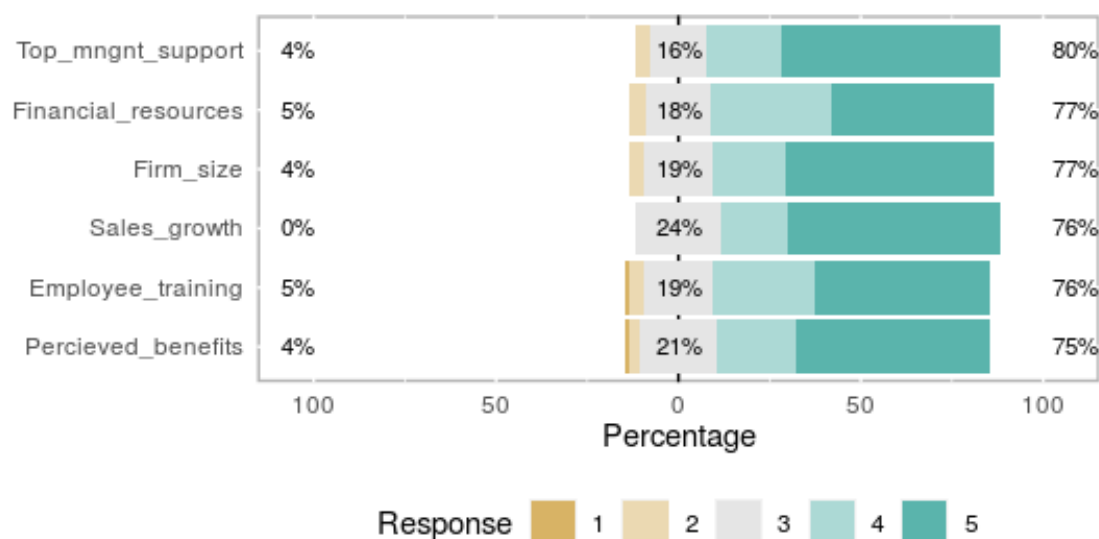


Figure 6.16: Organisational context

The results showed that the size of the firm positively influences CRM adoption (Hypothesis 10). Turnover was used to delineate firm size for this study. A minority (4%) disagreed, while 19% were on the fence and 77% agreed with the statement. The participants felt that bigger organisations had the ability to adopt CRM since they had the necessary resources at their disposal and needed to manage a huge database. When it comes to employee engagement/training, the hypothesis was accepted by 76% of the participating SMEs, 19% were undecided and it was rejected by 5%. The results therefore support Hypothesis 8 which states that employee engagement has a positive influence CRM adoption by SMEs. One can therefore argue that employees in KZN SMEs can be more productive if they are actively engaged when it comes to matters that concern the growth of the enterprise. When it comes to perceived benefits, the outcomes of the study showed that the majority (75%) agreed with the supposition, while 21% were neutral and a minority (4%)

rejected it. The results confirm Hypothesis 9 which stated that that higher perceived benefits positively influence CRM adoption.

This organisational context construct had an average total alpha coefficient of 0.91 which is higher than 0.70; thus, it is regarded as very reliable (Dubey and Sangle 2019; Rahimi 2017b). This, therefore, means that the questionnaire met the minimum standards to be considered valid. This is in line with the results that were obtained by Rahimi and Gunlu (2016) who also obtained a coefficient that was above 0.70 meaning that the content validity was sufficient. The study ran a 2-tailed t-test for equality of means to check for statistical independence and that the responses were not by chance. All the variables in this construct had a p-value < 0.05 which is within the cut-off point meaning that the results can be generalised across all SMEs in KZN. This therefore means that the data collection instrument's variables measured the same ideas and were consistent.

The findings of this study showed that the organisational context is a vital construct the influences the adoption and implementation of CRM strategies. It, therefore, means that organisational readiness has to be considered before the decision to adopt CRM is taken. This is in line with the work of other researchers who confirmed the importance of the organisational context (Sianipar *et al.* 2018; Awa, Ojiabo and Emecheta 2015; Šebjan, Bobek and Tominc 2014; Monem and Behboodian 2011).

6.3.3 Environmental Factors

The environmental context is one of the constructs that has been acknowledged to have a significant influence on the adoption and implementation of CRM strategies. Included in this context are factors like customer feedback, competition, customer needs, government support, external help, service level, adoption and success/failure by competitors. The findings of the study confirmed Hypothesis 12 which stated that consumer pressure has a positive impact on CRM adoption. Consumer pressure is usually assessed through customer feedback and customer needs. Responses for customer feedback showed that 11% disagreed, 6% were neutral while 82% agreed that adoption of CRM is influenced by customer feedback. The majority (74%) agreed that customer needs have a positive influence on CRM adoption, while 7% were neutral and 19% disagreed with the notion that CRM adoption is influenced by customer needs.

Research findings support the Hypothesis 14 that competitive pressure positively influences CRM adoption. The elements like success/failure of competitors, adoption by rivals and adoption by rivals were examined as part of the competitive pressure to simply the questionnaire for the benefit of the participants. It is acknowledged that the majority (60%) supported the above assumption, a few (7.5%) were undecided, and it was rejected by 30.5% of the participants.

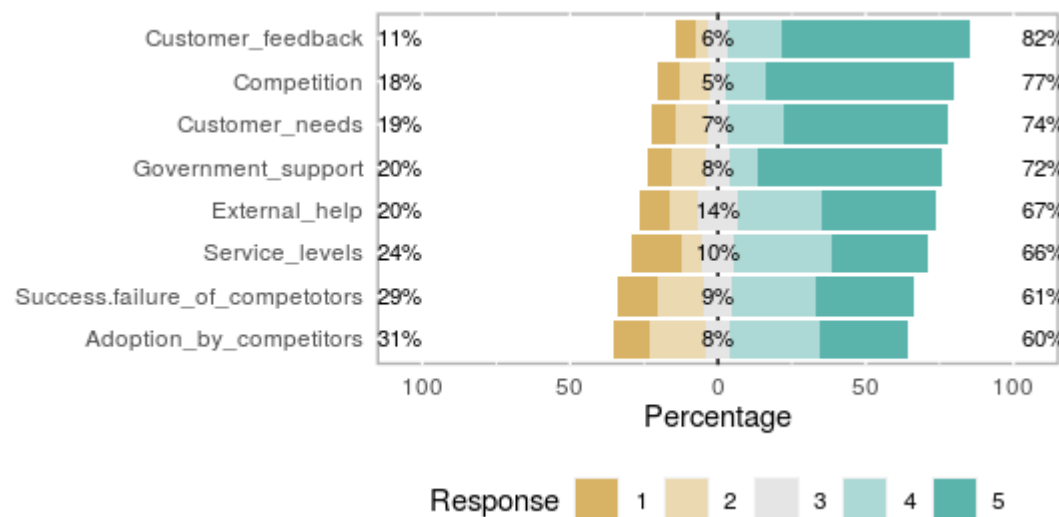


Figure 6.17: Environmental factors

The results from the study affirmed that governmental support positively influences CRM adoption (Hypothesis 15). The majority (72%) supported the above assumption, while 8% were undecided and 20% rejected it. The SMEs in KZN believe that they can successfully adopt and implement CRM strategies with the help of the government.

The outcomes of this study show that most of the participants felt that CRM adoption is positively influenced by emphasis on customer satisfaction (Hypothesis 13). It was noted that 66% of the respondents agreed that service levels are an important influencer, 10% were undecided and 24% disagreed. This construct had an average total alpha coefficient of 0.39 which is less than the minimal accepted threshold of 0.60 suggested by Nunnally (1994). It was argued that an alpha coefficient that is less than 0.60 is too weak to be reliable (Dubey and Sangle 2019). This therefore means that the minimum standards were not met for the construct and its variables to be considered valid. The study ran a 2-tailed t-test for equality of means to check for statistical independence of each variable and that the responses were not by chance

and cannot be inferred from other studies. The test for independence gave a result of >0.05 meaning that the result of the study on this construct cannot be generalised for all SMEs.

The research findings of this study confirmed what other scholars have found, namely, that environmental factors are vital aspects of the adoption and implementation of CRM strategies (Jaber and Simkin 2017b; Awiagah, Kang and Lim 2016). The setting in which the business takes place is of paramount importance such that an enterprise cannot afford to ignore it if they want to successfully adopt and implement CRM.

6.3.4 Information Culture Context

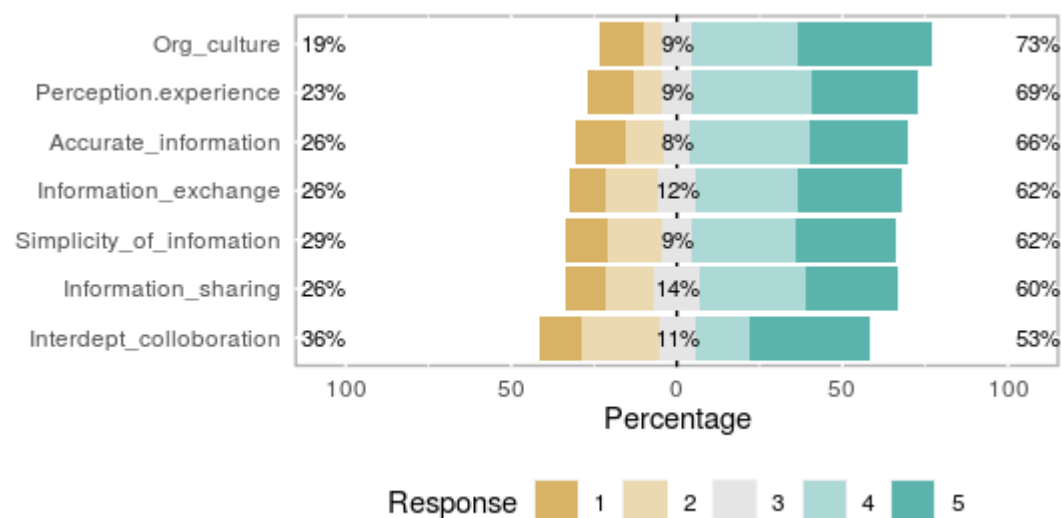


Figure 6.18: Information culture context

This is the last part of the inferential analysis. Factors like organisational culture, experience/perception, accuracy and simplicity of information, information exchange/sharing, and collaboration are discussed as part of the information culture context. It must be noted that some of the elements on the Likert scale were combined to test one hypothesis.

When it comes to attitude towards technology, it was ascertained from the study that a positive attitude towards adoption of CRM influences the level CRM technology utilisation among SMEs. Results show that 73% agreed, 9% were undecided and 19% disagreed. SMEs that were investigated felt that attitude towards technology can positively influence the adoption decision. The hypothesis that information integrity

has a positive effect on CRM adoption by KZN SMEs was supported by the results of this study. Elements like accurate information and simplicity of information were bundled together for a thorough analysis of the supposition. Over 65% of the participants agreed, 15% disagreed and 10% were not sure. The results showed that information sharing has a positive effect on CRM adoption. Elements like information sharing, information exchange and interdepartmental collaboration were dealt with in the data collection instrument to examine information sharing. Over 60% of the SMEs agreed, 20% were neutral and 10% disagreed. However, this construct did not meet the minimum threshold to be acknowledged as valid. This study ran a 2-tailed t-test for equality of means and the p-values were >0.05 , thus generalisation could not be done to all SMEs.

Information culture plays an important role in the adoption of CRM. This is in line with Hannachi (2015) who advanced the notion that information is the backbone of CRM; thus, a vibrant information culture is paramount within the organisation. Therefore, the development and maintenance of constantly high-quality consumer information is vital for the success of CRM. Further results from literature showed that information sharing and interdepartmental collaboration are vital for improving customer service and retention in small businesses, job satisfaction and communication in the application of CRM strategies across the organisation (Salah, Yusof and Mohamed 2019; Brockman, Park and Morgan 2017).

6.4 REGRESSION ANALYSIS

Research studies have utilised statistical analysis as a way to analyse data. Linear regression is one of the many methods used in statistics and it has six subcategories: multiple and simple linear regression, discriminant analysis, ordinal, multinomial and logistic regression (Ghani and Ahmad 2010). This study used logistic regression to identify key variables which influence the adoption and implementation of CRM strategies by SMEs in KZN. Logistic regression is one of the main methods used to solve binary classification problems (Midi, Sarkar and Rana 2010) like establishing whether a firm adopted and implemented CRM as part of their strategy. As such, just like any other modelling exercises, logistic regression requires data set assessments to examine the correlation among the independent variables. The processes of examining co-relations are explained below.

6.4.1 Correlation Analysis

As a statistical method, correlation analysis is used to examine the strength of the relationships between two variables within a data set. A high correlation score implies that two or more variables are strongly related while a low correlation value suggests that the variables are barely related (Franzese and Iuliano 2019). The phenomenon in which two or more predictor variables exhibit a strong association in logistic regression is called multicollinearity (Midi, Sarkar and Rana 2010). This strong correlation among variables makes it difficult to make good estimates of their clear effects on the dependent variable. Small variations in the data or the model may drastically alter the coefficient estimates if variables are collinear. Midi, Sarkar and Rana (2010) noted that multicollinearity makes constants unstable but does not cause any prejudice. The generally accepted rule is that coefficient scores above 0.70 may result in serious multicollinearity (Ghani and Ahmad 2010). Due to the nature of questionnaire, the study ran two different correlation matrices (Table 6.1). The first part of the questionnaire which was concerned with the demographics of the participants and the organisational characteristics required closed-ended answers. The analysis noted high correlation scores between family ownership, age of the business and type of business registration. The second category dealt with Likert-scale questions whose responses needed ratings. It was observed that there was a strong correlation between financial resources and firm size, employee training and perceived benefits, therefore they were excluded from the model. In this study, in order to effectively deal with multicollinearity, stepwise logistic regression modelling was adopted. Subsequently the efficient model was selected based on the log-likelihood ratio.

Table 6.1: Correlation analysis

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q11	Q12	Q13	Q14
Q1	1												
Q2	0.054767	1											
Q3	-0.05491	0.012263	1										
Q4	0.094095	0.013794	0.015263	1									
Q5	-0.08219	-0.00293	0.136682	-0.05389	1								
Q6	0.182603	0.071073	0.116831	0.021591	-0.39762	1							
Q7	0.09969	-0.02437	0.070417	0.067873	-0.04866	0.031328	1						
Q8	0.0715	0.004326	0.059799	0.079637	-0.40969	0.452196	-0.04451	1					
Q9	0.112012	-0.06218	-0.0193	-0.00272	-0.1515	0.119541	0.867209	0.042162	1				
Q11	0.112012	-0.06218	-0.0193	-0.00272	-0.1515	0.119541	0.867209	0.042162	1	1			
Q12	0.350841	0.127079	0.004392	-0.0735	-0.10878	0.218388	0.07266	0.268797	0.13212	0.13212	1		
Q13	-0.12136	-0.14272	0.070417	0.245388	0.108895	0.031328	-0.0303	-0.04451	-0.02628	-0.02628	-0.08672	1	
Q14	-0.12604	-0.08197	0.008378	0.008887	0.015118	0.024442	0.085971	0.027198	0.175949	0.175949	-0.01962	0.378272	1

	CRM_compatibility	standing_ology_complative	adnation_seer	intergrangnt	sujoyee	traileved_ben	Firm_size	cial_resoules	growtmer	feedtomer	neompititionment	su_jtternal	heerice	leven_by	comilure_of	coition/experte	information_shirg	cultury_of	infoiation	excpit	collobck	pectationrq	stategived	markl	customer	loyepeat	sole	acquisition	customer_c						
CRM_com	1																																		
Understar	0.52261	1																																	
Technolog	0.582338	0.602543	1																																
Relative	0.420231	0.495308	0.456527	1																															
Informatic	0.35712	0.460677	0.503144	0.55664	1																														
Easier_int	0.53025	0.492185	0.501084	0.607432	0.634457	1																													
Top_mngr	0.351255	0.363001	0.421946	0.483329	0.610641	0.641438	1																												
Employee	0.306374	0.397862	0.469687	0.474939	0.571267	0.658451	0.603158	1																											
Percieved	0.454086	0.374639	0.559915	0.39008	0.574466	0.623337	0.616403	0.736188	1																										
Firm_size	0.403653	0.350793	0.428025	0.555257	0.568385	0.650053	0.511339	0.657149	0.675314	1																									
Financial	0.416278	0.384278	0.48294	0.425596	0.630713	0.56954	0.573835	0.635802	0.63982	0.713183	1																								
Sales_gro	0.450062	0.372681	0.474638	0.429032	0.548452	0.624839	0.602087	0.662767	0.620753	0.659006	0.672332	1																							
Customer	0.164141	0.236365	0.033653	0.283918	0.198552	0.163386	0.065696	0.152093	0.060669	0.016205	0.039899	0.208531	1																						
Customer	-0.11998	0.041304	-0.04563	-0.02066	0.055399	-0.0364	0.005227	0.090904	0.130178	0.03793	-0.0178	-0.04436	0.07573	1																					
Competiti	0.102883	0.143639	0.226162	0.050985	0.17433	0.180148	0.065536	0.139377	0.166941	0.160696	0.121026	0.15384	0.066627	0.200143	1																				
Governme	-0.0776	-0.06224	-0.17727	-0.00696	-0.15975	-0.10412	-0.09295	-0.01509	-0.11995	-0.07217	-0.129	-0.1134	0.23909	0.297036	0.170177	1																			
External	0.098209	0.142104	0.156718	0.246772	0.249249	0.251785	0.205903	0.212183	0.153844	0.142148	0.194033	0.248717	0.238601	0.083193	0.017905	0.025279	1																		
Service_le	-0.05607	-0.04839	-0.01366	0.090451	0.049298	-0.05742	0.031473	-0.04303	-0.11478	-0.04046	0.176811	-0.00634	-0.1291	0.070055	0.01556	-0.12601	0.158632	1																	
Adoption	0.027344	-0.00828	0.034664	0.046239	-0.01698	0.031465	0.022608	0.071798	0.080164	0.07864	0.020982	0.067156	-0.02402	0.213035	0.098599	0.044935	-0.06421	-0.01714	1																
Success/fe	-0.03551	-0.01922	-0.11253	-0.00319	0.103564	-0.04531	-0.05329	0.063756	-0.03773	0.091453	0.174486	0.170278	0.194344	0.193781	0.083301	0.002318	0.107341	0.019828	0.108112	1															
Perceptio	-0.05734	0.129744	0.049881	0.11209	0.132189	0.080868	0.041002	0.171628	0.036639	0.08235	0.20188	0.089996	0.07124	0.060716	0.059897	0.070078	0.172232	0.268916	0.089887	0.092069	1														
Accurate	0.015083	-0.05708	0.04365	-0.10679	-0.01488	-0.02058	0.008329	0.080472	0.027693	-0.04046	-0.01714	-0.02284	-0.10865	-0.12262	0.239243	-0.04547	-0.09521	-0.03652	0.144896	0.027526	0.048197	1													
Informatic	-0.08193	0.048566	-0.05095	0.100024	-0.0629	0.011596	-0.05906	-0.11045	-0.09699	0.018435	0.005497	0.020882	-0.01931	-0.01941	0.075847	-0.06777	-0.0789	0.091936	-0.04426	0.00415	-0.04992	-0.09391	1												
Org_cultu	-0.1999	-0.24187	-0.10159	-0.15763	-0.22291	-0.17327	-0.32838	-0.24151	-0.21896	-0.24117	-0.24336	-0.28994	-0.18605	-0.07418	0.035618	-0.00324	-0.10286	0.149124	-0.12187	-0.09675	-0.12518	-0.14875	0.136488	1											
Simplicity	0.003788	-0.07823	-0.18194	-0.0133	-0.09789	0.030751	-0.01984	0.007601	0.070112	0.023071	0.07512	-0.00017	0.036533	-0.01301	0.025313	0.040054	0.017763	-0.01506	0.159607	0.032966	0.148448	0.042623	0.094079	0.08015	1										
Informatic	-0.15068	-0.12186	-0.07	0.056379	-0.02571	-0.05831	-0.03832	-0.15335	-0.1377	0.025754	-0.06123	-0.03828	0.024748	-0.13741	0.071365	0.195827	-0.03589	0.003048	-0.11299	-0.03053	-0.17379	-0.08147	0.005714	0.115415	-0.13715	1									
Interdept	-0.0873	-0.09204	-0.07577	-0.04625	0.077779	0.075845	0.173023	-0.03451	0.114221	0.054186	0.060872	0.080439	-0.05532	0.23005	0.14685	0.184988	0.033269	0.031631	0.192305	-0.05554	-0.15696	0.079847	0.152248	-0.08463	0.129937	0.010187	1								
Expectati	-0.29653	-0.31468	-0.07952	-0.05448	-0.45087	-0.04943	-0.29889	-0.12809	0.027799	-0.49613	-0.12432	-0.04172	-0.08418	0.08734	0.24657	0.514217	0.236297	-0.43151	0.005301	-0.13479	0.023083	-0.11172	0.172504	0.057847	0.058198	0.173907	0.484216	1							
Org_state	0	-0.50637	0.105777	0.098833	-0.16357	0.563576	-0.08771	-0.12825	-0.13868	0	0.062017	0.135405	-0.18664	-0.10252	-0.492	0.183881	0.309182	0.336336	0.176295	-0.5904	0.25123	-0.10787	0.485425	0.174888	0.431331	-0.2704	0.463774	0.185043	1						
Improved	0.007874	0.343672	0.418779	-0.10062	0.055508	-0.27094	-0.11905	-0.03504	0.501965	-0.2276	0.168364	0.334307	0.105558	-0.24352	0.215193	0.320319	-0.42843	-0.18262	-0.02792	0.363602	-0.29839	0.284703	0.049918	0.170131	0.123853	0.443503	0.096177	0.268619	-0.20883	1					
Improved	0.170822	0.071007	0.284297	-0.05775	-0.32495	-0.21404	-0.041	-0.09212	0.453743	-0.42323	-0.05798	0.201945	0.138128	0.115803	-0.29897	0.520003	-0.3342	-0.31442	0.086525	-0.14565	-0.13211	-0.04202	0.216587	-0.03679	0.081422	0.226451	0.424527	0.436074	0.107868	0.545004	1				
Customer	0.482593	0.31334	-0.41818	0.039639	-0.19681	-0.10494	0.100504	0.103451	-0.09535	-0.0415	-0.19899	-0.23028	0.424176	0.095937	-0.17666	-0.37718	-0.3233	-0.2775	-0.06263	0.139069	-0.13195	0.177171	-0.37927	-0.3948	0.062734	-0.20915	-0.46502	-0.45766	-0.38785	-0.25924	-0.21837	1			
Repeat_sc	-0.15477	-0.2914	0.069171	-0.09048	0.278111	0.092136	-0.13765	-0.40591	-0.29019	0.094737	0.064889	-0.01786	-0.18714	-0.11173	-0.31745	0.168345	0.090983	0.422289	-0.0415	-0.38608	0.345005	-0.44204	0.173147	0.279051	-0.00434	0.053047	0.090983	-0.05244	0.442664	-0.17298	0.122267	-0.51187	1		
Lower_ac	-0.19877	0.634811	0.036835	0.061951	0.23924	-0.18644	0.268773	0.093386	0.579501	0.05045	0.241883	0.332498	0.108323	0.188018	0.068533	-0.23821	-0.33916	0.03748	0.272583	0.306115	0.020414	0.025042	0.018441	-0.18271	-0.22415	0.103579	0.134586	-0.16539	-0.47146	0.431485	0.265448	0.238203	-0.22983	1	
Reduced	-0.1563	-0.3721	0.323875	-0.10087	-0.03339	0.201319	-0.21483	-0.16175	-0.11323	-0.08214	0.303822	-0.05455	-0.06349	-0.35574	-0.04017	0.307784	0.173557	0.219694	-0.36706	-0.09373	-0.23077	0.220184	0.018016	0.335569	0.304771	-0.11959	0.047334	0.258107	0.376845	0.1563	-0.13211	-0.32388	0.213574	-0.30621	1

6.4.2 Stepwise logistic regression modelling

A stepwise regression model was run to depict the drivers for CMR adoption and implementation by SMEs in KZN. This study used forward stepwise modelling to select the independent variables to be included in the model to forecast the dependent variables. Two groups of depictees were identified: the first set put together owner-specific and firm profile into one category; the second set was guided by the TOE framework and information culture (Azevedo 2013). Logistic regression was done, whereby the demographics and factors from the TOE and information culture were treated as dependent variables and the adoption and implementation of CRM as the independent variable.

6.4.2.1 Demographic variables output

The results obtained from regression model showed that education is the most significant determinant in explaining the likelihood of CRM adoption and implementation.

Table 6.2: Demographic variables

Variables in the Equation						
		B	S.E.	Wald	df	Sig.
Step 12 ^a	Level of education?	.648	.337	3.693	1	.045
	Constant	2.719	.938	8.409	1	.004
a. Variable(s) entered on step 1: Q1, Q2, Q3, Q4, Q5, Q6, Q7, Q8, Q9, Q12, Q13, Q14.						

Table 6.3: Classification table

Classification Table ^a					
Observed			Predicted		
			Do you use CRM		Percentage Correct
			No	Yes	
Step 12	Do you use CRM	No	0	27	0.0
		Yes	0	75	100.0
	Overall Percentage				73.5
a. The cut value is .500					

The level of education is considered to be an important variable when it comes to CRM adoption. One needs to have the basic qualifications to venture into this sector; thus, the owner-managers with degrees or better qualifications usually fare better when it comes to understanding the CRM concepts. Therefore, education can be viewed as a major predictor of the decision to adopt CRM.

Education also has a direct influence on other factors like the attitude towards CRM adoption. Education shapes one's understanding of technology; thus, the attitude is most likely to be swayed towards adoption. This is supported by the findings of Salah, Yusof and Mohamed (2019) that revealed that a positive attitude towards IT was strongly influenced by education of CRM by SMEs in Palestine. Other factors that can be influenced by the level of education are information integrity and information sharing. Once people have the right level of education, they are able to determine the quality of information that they can share within the whole organisation since CRM is an enterprise-wide philosophy.

It has also been observed that education can play a key role in TC of a firm which has been noted as a major factor in technology adoption. It was noted that it is easier to get the right fit between technology and strategy if people are trainable. Technology will not be viewed negatively if people have the right level of education even though it may not be technical. Education therefore takes away the fear of failure. Data quality and integration have also been acknowledged as vital determinants of CRM adoption. Scholars have noted that poor data sets and integration have led to the demise of many CRM projects (Azevedo 2013). Education can therefore be an enhancer of quality and integration. The survey population is under the incubator programme of CSE at DUT; thus, the importance of education comes to the fore because they are being hand-held to improve the performance of the firms. The likelihood of CRM being part of the programme is very high. The takeaway from this section is that though education is a strong predictor of the likelihood of adoption, it also has a moderating effect on other variables that also influence adoption.

6.4.2.2 Technology-organisation-environmental context modelling

Information security and compatibility were identified as the key drivers of CRM adoption and implementation by SMEs in KZN. These two factors have a very strong statistical significance of 0.001. It can be noted that these factors are part of the technological context of the TOE framework. One can deduce that the participants view CRM as a tool and not as a strategy.

Table 6.4: Variables in the equation

Variables in the Equation ^f						
		B	S.E.	Wald	df	Sig.
Step 6 ^d	CRM_compatibility	3.474	.998	12.104	1	.001
	Information_security	2.063	.628	10.808	1	.001
	Constant	-19.549	5.392	13.146	1	.000

Table 6.5: Classification table

Classification Table ^a					
Observed			Predicted		
			Do you use CRM		Percentage Correct
			No	Yes	
Step 6	Do you use CRM	No	20	1	95.2
		Yes	1	60	98.4
	Overall Percentage				97.6

a. The cut value is .500

Compatibility was identified as a very good facilitator of CRM adoption and implementation (Salah, Yusof and Mohamed 2019; Ahani, Rahim and Nilashi 2017a; Azevedo 2013). The alignment between the CRM and the organisational experiences, culture and needs is referred to as compatibility (Salah, Yusof and Mohamed 2019). Azevedo (2013) also noted that innovation has to fit with the values and technology of the potential adopter. SMEs usually assume the personality of the owner-manager such that the decision to adopt and implement is easier if the owner has an inclination that the

innovation will fit into the existing norms and values of the organisation. The phobia for change and technology can be an obstacle to adoption; thus, the SMEs need assurance that their past experiences and current needs are addressed.

Many studies have singled out security as a significant variable that influences the adoption of CRM (Riyadh *et al.* 2019; Salah, Yusof and Mohamed 2019; Awa, Ukoha and Emecheta 2016) and can be a threat to adoption. Many SMEs in this study singled out security as a major concern. The fact of the matter is that organisations are willing to adopt CRM if they are given assurance that the classified firm and customer information will be secure. On the other hand, SMEs are not willing to adopt if they feel that the systems are not secure enough to avoid leakage of vital information which will cede competitive edge to rivals. This insecurity may arise from the fact that most SMEs have become the major livelihood of those that were previously employed and are facing the threat of failure. Owners would rather remain in a secure bubble than risk closure when organisational information becomes public knowledge.

The government of South Africa has invested heavily in the SME sector to achieve the goal of employment creation, alleviation of poverty and equal income distribution. One of the arguments from the detractors of policy interventions by government was that the policy makers do not have the requisite information about SMEs. This can, therefore, be of great help to the policymakers to consider CRM as an intervention programme and focus on compatibility and security. The fear of failure and comfort zones should be addressed. CRM experts should be assigned to incubators to take the small businesses through the whole process of CRM.

6.5 CHAPTER SUMMARY

The chapter used raw data gathered from the survey conducted on the SMEs that are in the database of CSE at DUT. The data was first cleaned and coded for analysis. SPSS was used to analyse the data and to come to different conclusions. Cronbach's alpha was run to test the reliability and validity of the constructs. Subsequent t-tests for equality of means were also run to examine the statistical significance of variables and to test the hypotheses. The chapter was divided into three discussion segments. The first part

presented descriptive statistics which mainly focused of the owner-specific and firm profile demographics. The second part focused on inferential statistics in which the hypotheses were tested, and the results were discussed in line with the existing literature. The final part ran a logistic regression test to identify the major drivers of CRM among SMEs in KZN. Education, complexity, and security were singled out as the major drivers of CRM and a model was developed.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This final chapter of the thesis presents a summary of the study which explored the factors that influence the adoption and implementation of CRM strategies by SMEs in KZN. The study undertook a thorough review of literature in which SMEs and CRM as a concept were examined separately to gain an in-depth understanding of both concepts. The study was therefore guided by the literature review in terms of its theoretical underpinnings and the quantitative research approach to develop hypotheses. The hypotheses were tested, and data was checked for statistical significance. The study therefore started with the assessment of objectives, followed by the conclusion and recommendations.

7.2 SYNTHESIS OF THE STUDY

Overall, it was ascertained in this study that SMEs play a crucial role in the development of the economies of emerging and developed nations. Governments all over the world have pinned their hopes on the SME sector to enhance the struggling economies, fight poverty, un/underemployment and unequal distribution of income. By their nature, SMEs provide a less complicated path to achieve the aforementioned objectives. It was acknowledged that the role of the small enterprise is even more important for developing countries like South Africa. A plethora of problems stifle their creation, growth and success. It is in this regard that this study noted that many solutions have been proposed to try and help SMEs to survive and thrive. CRM is one of the proposed solution to SME failure. It was noted that CRM can be a source of competitive advantage. This can be achieved through the creation of win-win partnerships between the organisation and the consumers, selection of profitable customers, customisation of good and services, the development and retention of long-lasting sustainable relationships. However, it was noted that some of the CRM initiatives have failed but there are success stories too. SMEs in KZN are therefore encouraged to adopt CRM strategies to enhance business survival and growth.

The next sections present the findings of the research to assess if the aims of the study were achieved in relation to the objectives and research questions of the study that were presented in sections 1.3 to 1.5.

7.2.1 Establish whether SMEs in KZN have a CRM strategy in place

A review of literature on SMEs and CRM revealed the SMEs do not have clear CRM strategies in place. It was noted the small enterprises do not have a clear CRM strategy but practise 'implicit CRM'. The nurture of the organisational and operational structure makes it easy for SMEs to develop intimate relationships with their customers such that they know each other by name which somewhat acts as a customer data set. This, therefore, makes it easier to customise service and product offerings. SMEs have simple uncomplicated technology like the phones that they use. However, traditional forms of marketing like flyers, brochures and word-of-mouth dominate the marketing landscape.

7.2.2 Identify factors influencing the adoption and implementation of customer relationship management strategies by SMEs in KwaZulu-Natal

The TOE framework together with information culture was used to identify the factors that may influence the adoption and implementation of CRM strategies. This framework was used in conjunction with scholarly work that was undertaken in the same field. The technological context was reviewed first, and it was discovered that the internal and external technological tools at the disposal of the organisation play a very important role in the adoption and implementation of CRM. Variables like complexity, data quality and integration, relative advantage, information security, compatibility and technological competence were examined under this construct. All these variables were found to have a significant bearing on the adoption process. The organisational context as a construct was also reviewed and it was noted that firms' characteristics are very important when it comes to deciding whether to adopt or not. Included in this construct were variables like TMS, employee engagement and training, firm size, financial resources and the perceived benefits of adoption and implementation. These variables were found to be highly significant in the adoption process and can thus be said to be at the heart of the adoption process. The environmental context was also found to be of paramount importance

because it can encourage or hinder the firm's adoption of innovations. Outside factors like customer pressure, consumer satisfaction, government support and competitive pressure were found to have a major influence on the adoption process. Finally, the information culture context of the organisation was examined. How the information within the organisation is managed determines the success or failure of the CRM innovation. Variables like attitude towards technology adoption, information sharing, and integrity were found to be vital in the adoption and implementation process.

7.2.3 Identify the major drivers of CRM adoption among SMEs in KZN

The preceding section examined the factors that influence the adoption and implementation of CRM strategies by SMEs in KZN. However, the aforementioned factors do not have equal significance. The study outcomes revealed that education, compatibility, and security were the major drivers of CRM adoption among the SMEs that were investigated. Even though education was not part of the framework, it came out as one of the most significant factors. The level of education has a bearing on factors like employee training, TC, understanding of risk within the organisation, collaboration and sharing of vital information and it takes away the phobia of technology. It thus acts as an important moderator in the whole process. Factors like compatibility and security fall within the technology context meaning that the participants' understanding of CRM leans more towards technology. This may be a source of problems because many organisations adopt an innovation without aligning the organisational culture and strategy to the new innovation. In the context of the study framework, any innovation must seamlessly fit into the culture of the firm and fulfil present and future needs. The security of the organisational secrets is also vital for these SMEs.

7.3 CONCLUSION

CRM has been acknowledged to play an important role in the success of big organisations because it is a strategy that is usually customised, thus hard to replicate. CRM should therefore be viewed in the context of the SME setting not as a transplant of the corporate version of CRM. It was noted that SMEs face many obstacles in their path to survival and much has been discussed in terms of helping the small enterprises to survive and grow

to fulfil their economic potential and the benefits that come with it. This study suggested that CRM can also be used to help SMEs to grow and thrive. It was within this scope that this study endeavoured to examine the factors that influence the adoption of CRM by SMEs in KZN. The goal was to move away from the misconception that CRM is a technology but gravitate towards treating CRM as a holistic strategy that should diffuse throughout the organisation. Technology is thus viewed as an enabler of the CRM strategy. Organisational, environmental, technological and information culture factors should all be integrated and help the firm to make a well-informed decision when it comes to adopting CRM strategies. CRM implementation and adoption are not without its problems, but the promises are too good to ignore, therefore the future prosperity of SMEs may be within CRM adoption and implementation.

7.4 RECOMMENDATIONS

- CRM should be adopted in an incremental manner not as a piecemeal approach to allow integration between the new innovation and the current needs and culture of the enterprise. Simple technology can be used in the adoption and effective implementation of CRM strategies. An interesting finding from the study is that the compatibility is one of the main drivers of CRM adoption, therefore the incremental adoption and implementation will deal with the phobia for change and technology within the small enterprises.
- The TOE can be used by managers and practitioners as a guideline for the adoption and implementation of CRM innovations. The outcomes of this study revealed that all the interrelations of the framework are very important when deciding to adopt and implement CRM projects.
- CRM practitioners from large organisations need to take a leading role in helping upcoming firms to develop an in-depth understanding of CRM. This can be initiated by incubators as part of their networking programme. Owner-managers of small enterprises can be attached to corporates so that they can get a real feel for CRM in action and twinning local SMEs with overseas firms that have succeeded with CRM can be beneficial to the local SMEs.

- Future research can focus on a single sector of SMEs that are not in incubatorship to get a thorough understanding of the conditions they operate in and the factors that influence the adopting and implementation of CRM strategies.
- It is also recommended that a study should be commissioned in future to gauge the success or failure of the adopted CRM strategies.

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APPENDIX A: ETHICAL CLEARANCE AND ACCEPTANCE OF PROPOSAL



MANAGEMENT SCIENCES: FACULTY RESEARCH ETHICS COMMITTEE (FREC)

29 November 2017

Student No: 21751991

FREC No: n/a

Dear Mr C Garatsa

PhD IN MANAGEMENT SCIENCES: BUSINESS ADMINISTRATION

TITLE: Factors Affecting the Adoption and Implementation of Customer Relationship Management Strategies: A Case of SMEs in KZN

Please be advised that the FREC Committee has reviewed your proposal and the following decision was made: Ethical Level 2

Approval has been granted for a period of two years, after which you are required to apply for safety monitoring and annual recertification. Please use the form located at the Faculty. This form must be submitted to the FREC at least 3 months before the ethics approval for the study expires.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the FREC according to the FREC SOP's.

Please note that ANY amendments in the approved proposal require the approval of the FREC as outlined in the FREC SOP's.

Yours Sincerely

Prof JP Govender
Chairperson: FREC

FACULTY OF MANAGEMENT SCIENCES
FACULTY RESEARCH COMMITTEE: POSTGRADUATE PROPOSAL REVIEW REPORT:

Faculty vision on guidelines for the reviewing of postgraduate research proposals: • The guidelines below are intended to streamline the proposal review process, improve turn-around time and facilitate constructive comments from the review process. • By following the guidelines, reviewers should be able to rate the research proposal must meet. • It is envisaged that once an acceptable draft has been achieved, the next phase will be to introduce an on-line tool/template to assist students with the proposal submission – with a “dropdown menu” to clarify/provide samples of different aspects of the proposal.			
SURNAME AND INITIALS	Gaatsa C	STUDENT NUMBER	21751991
TITLE OF DISSERTATION	Factors Influencing the Adoption and Implementation of Customer Relationship		
SURNAME & INITIALS OF PRIMARY REVIEWER	Dr AT Agbenyegah		
SURNAME & INITIALS OF SECONDARY REVIEWER	Dr Lekhanya		
LEVEL OF STUDY	M-TECH	D-TECH x	
PROJECT 500	YES	NO	

Complete the grid below and IT IS COMPULSORY THAT YOU PROVIDE CLEAR COMMENTS FOR IMPROVEMENT.

NO	PROPOSAL HEADING	REVIEW CRITERIA	Accepted	Accepted with minor changes	Not accepted
1.	Field of Research & Provisional Title	• Field of research is identified • Topic is clear and concise	%	%	
Comments:					
2.	Context of the Research	• Context of research is identified • Current literature is used to provide a background and context for the study • Justification/motivation for focussing on research area/key concept	%	%	
Comments:					
3.	Problem statement	• The research problem is clearly identified	%	%	
Comments:					
4.	Research Aims and objectives	• The overall aim of the study is clearly stated • The objectives are clearly articulated and are achievable • Secondary objectives identified	%	%	

		• Outline of potential original contribution to the field is identified (in the case of a D-Tech)		%	
Comments:					
5.	Literature Review	• Appropriate literature is used to contextualise and to provide a theoretical underpinning		%	
		• Critical issues relating to the literature is outlined (in the case of a D-Tech)		%	
		• The literature is linked to the overall aims and objectives of the study		%	
Comments:					

6.	Research Methodology	• The research design is identified (qualitative/quantitative/mixed methodology)		%	
		• Target population and sample is identified		%	
		• Data collection method is outlined		%	
		• Validity and reliability is outlined		%	
		• Data analysis is outlined		%	
		• Research instrument/s is designed		%	
Comments: Read comments on the population, sampling, instruments and validity and provide updates.					
7.	Plan of Activities	• Achievable work plan with realistic time frame is identified		%	
Comments: Reconsider the work plan to align with the real situation on the ground					
8.	Structure of Dissertation/Thesis Chapters	• Content of each chapter is stated		%	
Comments:					

NO	PROPOSAL HEADING	REVIEW CRITERIA	Accepted	Accepted with minor changes	Not Accepted
9.	Potential Output	• Research output/s is stated	%		
Comments:					
10.	Key References	• Current and key references are cited.		%	
		• Harvard method is correctly applied	%		
Comments:					
11.	Technical Aspects of The Proposal (Grammar/Spelling/Layout)	• Meets technical standards		%	
Comments:					
12.	Budget	• All categories of expenses based on the research activities are			
	• Max of R10 000: M-Tech • Max of R15 000: D-Tech	• Budget is realistic		%	
Comments:					

Outcome	Recommendation (Please select one option below)	Sign
Full Approval	Accepted without any corrections	
Approved subject to:		
Minor Changes:		
7 Days	It should take approximately 7 days for the revisions to be completed	
14 Days	It should take approximately 14 days for the revisions to be completed	x
Moderate Changes:		
21 Days	It should take approximately 21 days for the revisions to be completed	
30 Days	It should take approximately 30 days for the revisions to be completed	
Major Changes:		
60-90 Days	It should take approximately 60 - 90 days for the revisions to be completed	
Rejected	The revisions will take in excess of 90 days to complete. Provide clear reasons as to why the proposal cannot be accepted below:	

PROPOSAL REVIEW REPORT (ETHICAL ASPECTS ONLY)

NO.	ITEM	YES	NO	N/A
1.	Was section C of PG2a ("Humans", "Organizations", "Animals", and "Environment" correctly completed?	x		
2.	Were the responses to the 34 questions in the "Ethics Issues Checklist" appropriate, and where comments were required, were they provided, and were they appropriate? List incorrectly answered questions:	x		
3.1	Was the Letter of Information submitted?	x		
3.2	Was the Letter of Information correctly completed?	x		
4.1	Was the Letter of Consent submitted?	x		
4.2	Was the Letter of Consent correctly completed?	x		
5.1	Was the draft questionnaire and/or interview schedule submitted?	x		
5.2	Were there any ethical issues arising from the draft questionnaire/interview schedule? If yes, what were the issues?	x		
6.1	In terms of the proposed study, is a Gatekeeper's letter required?		x	
6.2	If a Gatekeeper's letter is necessary, was it submitted?		x	
7.	Other (please state)			

DECISION:

Ethics Classification	Level correct	Level Incorrect	Recommendation from both Reviewers
Full Approval			
Approved Subject To Minor Changes		x	
Re-Submission			
Rejected			

DATA COLLECTION TOOLS:

In the case of data collection via questionnaire; if piloting and refining of the questionnaire is still to take place please indicate if you would like to review the final questionnaire before the study commences or if you would support the final approval thereof to be to the satisfaction of the FREC Chair

I would like to review the final questionnaire before research commences	x	I am satisfied that the FREC Chair review and approve the final questionnaire	
--------------------------------------------------------------------------	---	-------------------------------------------------------------------------------	--

Name of primary reviewer: Dr. AT Agbenyegah	Name of secondary reviewer: Dr Lekhanya
Date: 4/10/2017	Date: 3/10/2017
Signature:	Signature: Lmlekhanya

THIS FORM WILL NOT BE ACCEPTED IF NOT ACCOMPANIED BY SIGNATURES OF BOTH REVIEWERS

APPENDIX B: GATEKEEPER'S LETTER FROM CSE



18 May 2018

Dear Sir or Madam

To Whom It May Concern

Re: Gatekeepers letter for Cletos Garatsa

This letter serves to confirm that Cletos Garatsa; a registered student at the Durban University of Technology with student no: 21751991; who is studying PhD in Management Sciences: Business Administration; has been granted permission to undertake research using the DUT Centre for Social Entrepreneurship Rapid Incubator information.

The gatekeepers' letters is only valid provided that Mr Garatsa comply with the following:

1. Terms and conditions stated in his DUT Ethical approval letter dated 29 November 2017.
2. Conduct PhD research entitled: *"Factors Influencing the Adoption and Implementation of Customer Relationship Management Strategies: A Case of SMEs in KZN"*.

Yours faithfully,

Solomon Nvumirima

Manager
Durban University of Technology (DUT)
Centre for Social Entrepreneurship Rapid Incubator (CSERI)
P O Box 1334, Durban, 4000
Tell: 031 373 5747
Email: solomon@dut.ac.za



APPENDIX C: INFORMED CONSENT AND QUESTIONNAIRE



Faculty of Management Sciences

Department of Entrepreneurial Studies and Management

Date: May 2018

Dear Participant

My name is Cletos Garatsa (21751991) and I am a student studying towards a Doctor of Philosophy Degree (Entrepreneurial and Management Studies) at the Durban University of Technology. The study aims to evaluate factors influencing the adoption and implementation of Customer Relationship Management (CRM) strategies by Small businesses (SMEs) in KwaZulu Natal (KZN).

I hereby request your participation in this short survey which is purely for academic purposes. The questionnaire will take approximately 20 minutes to complete. Participation in this survey is voluntary and information gathered will strictly be treated as confidential. However, the findings of the study will be made available to you upon request once they have been finalised.

The completed questionnaire may be collected from you or emailed to cletostawanda@yahoo.co.uk or cletosg77@gmail.com

Thank you for your anticipated cooperation and response.

Mr C Garatsa (Researcher)

074 345 8954

DR I.B Dlamini (Supervisor)

033 845 8853

SECTION A: GENERAL INFORMATION

INSTRUCTIONS TO RESPONDENTS:

1. Please select **ONLY ONE** response with a tick ✓ for each question.
2. Answer **ALL** the pre-coded questions in this section.
3. Please **DO NOT** leave any question blank.

1. Please indicate your age.

1.1	20-30	1
1.2	31-40	2
1.3	41-50	3
1.4	51-60	4
1.5	61+	5

2. Please indicate your gender.

2.1	Male	1
2.2	Female	2

3. Please indicate your marital status.

3.1	Married	1
3.2	Single	2
3.3	Divorced	3

4. Please indicate your race.

4.1	African	1
4.2	Indian	2
4.3	White	3
4.4	Coloured	4
4.5	Other specify	5

5. Please indicate your highest level of qualification.

5.1	Other	1
5.2	Matric	2
5.3	Diploma/ Degree	3
5.4	Postgraduate	4

6. Please indicate your level in the organisation.

6.1	Owner	1
6.2	Employee	2

7. Please indicate if the business is family owned.

7.1	Yes	1
7.2	No	2

8. Please indicate if you belong to any business association.

8.1	Yes	1
8.2	No	2

SECTION B: BUSINESS PROFILE

9. Please specify when the business was established.

9.1	2000-2005	1
9.2	2006-2010	2
9.3	2011-2014	3
9.4	2015-2020	4

10. Please specify where appropriate.

10.1	Formally registered business	1
10.2	Informal business	2

11.If formally registered (as per question 10 above), please indicate type of registration.

11.1	Pty	1
11.2	Co-operative	2
11.3	Sole Proprietor	3
11.4	Closed cooperation	4
11.5	Partnership	5

12. Please indicate the business sector you operate in.

12.1	Retail & Services	1
12.2	Engineering & Construction	2
13.3	Logistics	3
13.4	Agriculture	4
13.5	Manufacturing	5

13. Please indicate the number of employees in your organisation.

13.1	0-10	1
13.2	11-20	2
13.3	21+	3

14. Please indicate the range of your Sales value in SA Rands.

14.1	0-7.5 Million	1
14.2	7.5- 25 Million	2
14.3	25 Million	3

SECTION C: MARKETING & CRM (Customer Relationship Management)

15. Please indicate if you are aware of the Customer Relationship Management (CRM) concept.

15.1	Yes	1
15.2	No	2

16. If 'yes' to Question 15, indicate how long you have been aware of Customer Relationship Management (CRM).

16.1	2000-2005	1
16.2	2006-2010	2
16.3	2011-2014	3
16.4	2015-2020	4

17. Please indicate which tools you use to market your business

17.1	Customer relations management software	1
17.2	Traditional methods	2
17.3	Social media	3
17.4	Other specify	4

18. Please tick where appropriate

18.1	Competitive advantage	1
18.2	Grow market share	2
18.3	Internationalisation	3
18.4	Other	4

19. Please tick where appropriate

19.1	We Consider CRM software as a critical component of the overall organisational strategy component	1
19.2	We use Software for customer management	2
19.3	We use CRM as a marketing strategy	3

SECTION D: LIKERT SCALE QUESTIONS

INSTRUCTIONS TO RESPONDENTS:

1. Please select **ONLY ONE** response with a tick ✓ for each Likert Scale statement below.
2. Answer **ALL** the pre-coded statements in this section.
3. Please **DO NOT** leave any statement blank.

KEY: SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree

		SD	D	N	A	SA
20.	Do you think that CRM is helpful in improving business performance?	1	2	3	4	5
21.	Do you think that CRM can help in customer retention through building relationships with customers?	1	2	3	4	5
22	Technology context (Utilisation of CRM software)					
22.1	The compatibility of the CRM software positively influences CRM adoption in the organisation.	1	2	3	4	5
22.2	The level of understanding of technology influences the decision to adopt CRM.	1	2	3	4	5
22.3	Complexity of technology discourages CRM adoption.	1	2	3	4	5
22.4	Increases in customer activity will influence CRM adoption.	1	2	3	4	5
22.5	Knowledge of CRM advantages has a significant influence on attitudes towards the adoption of CRM strategies.	1	2	3	4	5
22.6	Security of customer information will influence CRM adoption by SMEs.	1	2	3	4	5
22.7	Easier integration of CRM technology with other organisational technology tools influences the adoption and implementation of CRM.	1	2	3	4	5
23	Organizational context	SD	D	N	A	SA
23.1	CRM adoption is influenced by top management support.	1	2	3	4	5
23.2	Employee engagement and training influence the adoption of CRM strategies.	1	2	3	4	5
23.3	Higher perceived benefits will positively influence CRM adoption.	1	2	3	4	5
23.4	Firm size will positively influence CRM adoption.	1	2	3	4	5
23.5	The availability of financial resources positively influences CRM adoption.	1	2	3	4	5
23.6	Growth in sales will influence the adoption of CRM.	1	2	3	4	5
24	Environmental context	SD	D	N	A	SA
24.1	Customer feedback influences CRM adoption.	1	2	3	4	5
24.2	Evolving customer needs influences CRM adoption.	1	2	3	4	5
24.3	Competition in the market influences CRM adoption.	1	2	3	4	5
24.4	Governmental support influences CRM adoption.	1	2	3	4	5
24.5	Input from external consultants influences CRM adoption.	1	2	3	4	5

24.6	Service levels influence CRM adoption	1	2	3	4	5
24.7	CRM adoption by competing organisations influences the adoption.	1	2	3	4	5
24.8	Success/failure by competing organisations influences CRM adoption.	1	2	3	4	5
25	Information Culture context	SD	D	N	A	SA
25.1	Individual perception and experience have a bearing on CRM adoption by organisations.	1	2	3	4	5
25.2	The possibility of gathering accurate customer information influences the adoption of CRM.	1	2	3	4	5
25.3	Information sharing between organisations influences CRM adoption.	1	2	3	4	5
25.4	Organisational culture influences CRM adoption.	1	2	3	4	5
25.5	Simplicity of information influences CRM adoption.	1	2	3	4	5
25.6	Exchange of accurate information influences CRM adoption.	1	2	3	4	5
25.7	Interdepartmental collaboration influences adoption of CRM.	1	2	3	4	5

Please note that organisations with CRM can complete this section. CRM is not limited to software alone, but any form of customer management and marketing program.

		SD	D	N	A	SA
26.	Sustained implementation and CRM benefits	1	2	3	4	5
26.1	CRM performance meets initial expectations.	1	2	3	4	5
26.2	CRM is now part of the organisational strategy.	1	2	3	4	5
26.3	CRM leads to improved returns on marketing.	1	2	3	4	5
26.4	CRM leads to improved customer service and support.	1	2	3	4	5
26.5	CRM leads to Increased customer loyalty.	1	2	3	4	5
26.6	CRM leads to repeat sales for the organisation.	1	2	3	4	5
26.7	CRM results in declining customer acquisition costs.	1	2	3	4	5
26.8	CRM leads to reduced customer complaints.	1	2	3	4	5

Thank for participating in this survey

APPENDIX D: TURNITIN REPORT



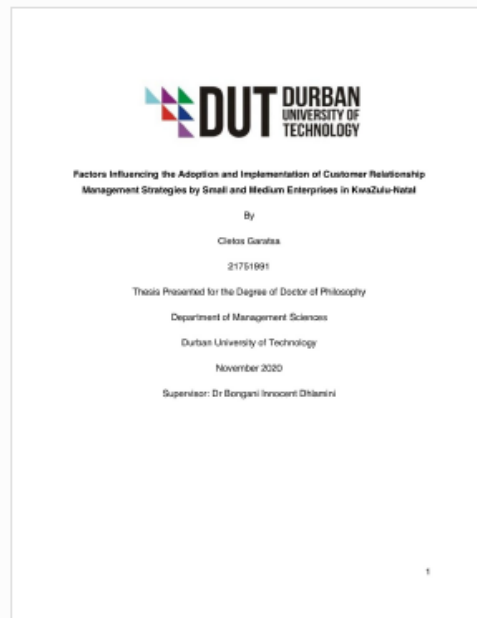
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**Factors Influencing the Adoption and Implementation of Customer Relationship Management
Strategies by Small and Medium Enterprises in KwaZulu-Natal**

By

Cletos Garatsa

I declare that I have edited and proofread this thesis. My involvement was restricted to language usage and spelling, completeness and consistency and referencing style. I did no structural re-writing of the content.

I am qualified to have done such editing, being in possession of a Bachelor's degree with a major in English, having taught English to matriculation, and having a Certificate in Copy Editing from the University of Cape Town. I have edited more than 200 Masters and Doctoral theses, as well as articles, books and reports.

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