

ABSTRACT

Organisations invest massively in CRM practice however the returns are questionable as not all organisations benefit from CRM strategy. Hence, it becomes vital to find out if money spent on CRM practice is worth investment and explore CRM as a performance tailoring strategy.

CRM topic is hugely discussed in the last decades in Relationship Marketing literature. Literature review reveals that most studies confirmed positive effect of CRM on Firm Performance whereas some studies failed to acknowledge existence of any linkage between the two. Existing work revolves around defining CRM, its practices and processes, CRM as a software solution, direct impact of CRM on customer-centric parameters and profitability etc. However, none could provide a detailed view of exactly how CRM impact happens in practicality. Hence, there is a need to elaborate step-by-step impact of CRM and this gap is being addressed through this study.

This study provides a framework “CRM-Firm Performance: Competitive Advantage Model” based on Services Industry and it is examined for IT Services Firms based in Pune city. This framework links CRM Capability (independent variable) and Firm performance (dependent variable) through drivers of performance (mediator variables). Five drivers of performance exist in the relationship are Process Performance, Employee Performance, Technology Performance, Service Performance, and Customer Performance. This study also identifies the indicative latent variables to measure constructs or independent, dependent and mediator variables. In addition, it provides a measurement scale that is operationalized and tested for reliability-validity for effectively examining the conceptual framework.

30 IT Services firms located in Pune city were subjected to primary data based questionnaire (close-ended) survey for this quantitative, descriptive, and analytical study. Probability Sampling – Simple random sampling (without replacement) was used to identify sample from NASSCOM’s source list of IT Services organisations

based in Pune city. The respondents chosen were the CXO's and Managerial level contacts who were in capacity to be well informed about firm's initiatives on CRM, updated about other industry players and had a vision to evaluate organisation wide initiatives. The collected data was coded and further subjected to analysis by using SPSS tool (version 23) and AMOS. Questionnaire was tested for reliability-validity using Cronbach's Alpha and CFA. Normality of data was assessed using Descriptive Analysis, George and Mallery's Test. Further, Path Analysis, Friedman's Test (Non-Parametric Test), Mediator Analysis (Regression Test) was used to test the conceptual framework.

Path Analysis confirms that all paths of the model H1 to H10 are positive and strong except paths H4 and H6 which are positive and weak. Hence, all paths are significant and supported. As all paths (hypotheses) of the model are proved valid, it is confirmed that CRM Capability impacts Firm Performance through drivers of performance. The Mediator Analysis (Regression Testing) confirms that all drivers of performance act as perfect mediators. Process Performance and Technology Performance which are part of two linkages exhibit a partial mediator role as well for one of the linkages. Friedman's Test reveals that for Employee performance and Technology performance, the latent variables contribute equally in defining them. Whereas, the latent variables contribute differently in defining Process Performance, Service Performance, Customer Performance and Firm Performance.

Furthermore, the novelty of the research lies in the fact that it is first research study that a) Examines the impact of CRM on Firm Performance through drivers of performance, also highlights how Firms gain competitive advantage, b) Provides detailed latent variables for each construct for impact measurement, c) Provides fully operationalized, reliable and valid scale to measure CRM impact, d) Provisions a model for assisting the management, core decision makers by highlighting CRM impact for sensible usage of Firm's resources for achieving supreme profitability. It gives a new perspective to look at the success or failure of CRM initiative. It also marks exploration of new frontiers like investigating fitment of this framework for other Services industries, modification of framework for Product sector, understanding role played by culture in CRM and conducting longitudinal studies for further generalisation of findings.