THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT CAPABILITY DIMENSION ON ORGANIZATIONAL PERFORMANCE IN THE MICRO, SMALL AND MEDIUM SCALE ENTERPRISES; THE MODERATING EEFECT OF COMPETITIVE INTENSITY

By

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DECLARATION

I hereby declare that this submission is my own work towards the MPhil and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This work is dedicated to my parents, Mr. and Mrs. Nketiah for their good counsel and support. Also dedicated to all my brothers and sisters: Patrick OtibuAddo, Bernard Nketiah, James Derrick Nketiah, Mary Nketiah and Martha Nketiah for their encouragement and prayers.

ABSTRACT

The study observes the role of competitive intensity in moderating the relationship between Customer Relationship Management (CRM) capability and firm performance. The research was necessitated because of the problem of several firms not being able to harness the full benefit of the CRM concept mainly because there is no backing capability to ensure competitive advantage. In order to achieve this, some specific objectives were set including to determine the CRM capability practices among Micro, Small and Medium scale Enterprises (MSME's), to measure the effect of CRM capability on organizational performance, to investigate competitive intensity and its effect on organizational performance in the MSME sector and to ascertain extent to which competitive intensity affects the role played by CRM capabilities in determining organizational performance. In order to achieve this, 400 structured questionnaires were conveniently distributed to owners, managers and executives of MSMEs in Ashanti region. 400 responses were retrieved and analyzed quantitatively using Stata and SPSS. Mean analysis, correlation analysis and Hierarchical Linear Modeling (HLM) regression were the main analysis used in deriving the findings from the research. Findings from the research indicate that firms in the sector have the capabilities of managing customer information knowledge and winning them back. However, upgrading customer relationship is on the average in the sector. It was also found from the correlation and HLM regression that CRM capabilities do have a positive impact on firm performance whiles controlling for period of working in the business and the type of business. The work also indicated that the introduction of competitive intensity as a moderating variable saw a change in performance in the effect of CRM capabilities and performance. It was recommended that owners, managers and executives should build a stronger CRM capabilities whiles working hard to stay above the competition in the sector.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The concept of Customer Relationship Management (CRM) has brought to the attention of organizations, the need to bring stronger relationship with customers. Several literatures on the concept of Resource-Based View (RBV) has indicated that having varied resources including customer relationship and rational assets like data on the preference of customers gives a business or an organization a good source of competitive advantage (Srivastava et al., 1998; Barney, 1991). Scanty study has however concentrated on how the resources are used or positioned to equal the situations of the market and as such add up to the performance of businesses including Micro, Small and Medium Scale Enterprises (SME's) (Slotegraff et al., 2003; Morgan et al., 2009).

The practice of CRM has presented to marketers including owners of Micro, Small and Medium scale enterprises the need to keep customers and the benefits derived in building long term relationships with customers in today's competitive business environment (Ismail & et. al., 2007, p.16; Jayachandran et. al., 2005). The Concept of Customer Relationship Management (CRM) is concerned with business interacting with their customers with the purpose of getting and analyzing the data of customers and using the outcome or results to improve service delivery and attain marketing objectives (Seybold, 2001, Strauβand Schoder, 2002). The concept identifies the long-term value of potential and actual clients whiles seeking a growth in revenue, profits and shareholder worth through the activities of marketing which are channeled to the development, conserving and augmenting successful organizational-customer relations (Berry, 1983; Morgan and Hunt, 1994; Gronroos, 1990). The activities involved in managing customer relationship include a thorough understanding and appreciation of the fundamental sources of value derived by the firm from customers and what the customers on the other hand gives to the organization. Organizations over the years are beginning to realize that customers have various economic value and importance to the company, and as such are subsequently adapting their customer offerings and communications strategy accordingly. Because of this, organizations are gradually shifting from a product or brand centric marketing to a customer – centric approach.

In the SME sector, a well-managed CRM program can assist in targeting customers who really need attention and are as well profitable. This way customized package can be designed and marketed to them to ensure customer satisfaction and an increase in profitability of the enterprise.

CRM has the ability to perform analysis on customers with respect to their routine processes over time. These include purchase orders, regular visit times, and credit pattern. A proper monitoring and analysis of these can increase customer satisfaction by ensuring proper measures and enhanced delivery. The research amongst other things seeks to conceptualize and operationalize the extent to which CRM processes have been implemented amongst the SME's in Kumasi. This will give a clear indication on the CRM processes among businesses and can also ensure the determination of whether higher levels of CRM can impact on the performance of the enterprises.

The capability aspect of CRM is a multifaceted package containing skills and learning abilities that is practiced through the processes in the organization (Day, 1994). The work of (Morgan et al, 2004) defined CRM capabilities as organizational activities or processes that reveal the skills or abilities of a firm with the purpose of constantly creating, sustaining and advancing purposeful relationships with clients. Based on existing literature, the work adopted 4 dimensions of CRM capability. These were, Customer Knowledge Management Capability (CKMC), Customer Interaction Management Capability (CIMC), Customer

Relationship Upgrading Capability (CRUC), and Customer Win-back Capability (CWC) (Parvitiyar and Sheth, 2001; Reinartz. et al, 2004). A major key in building a firm's competitive advantage is its capability. The various categories of marketing capabilities are considered as a highly significant driver of the performance of businesses (Day, 1994; Srivastava, Shervani and Fahey, 1998). Exceptional CRM capabilities have the ability to provide firms with competitive advantage that is very difficult to imitate and also very sustainable (Day, 2000). If a firm is able to adequately use its capabilities derived from the relationship with its customers through the various activities of CRM, it can generate and convey greater worth for customers and thus increase its performance.

A very element of the hostility of the environment is the intensity of the competition (Barth, 2003; Kumar and Subramanian, 2000 and Dess and Beard, 1984; Dibrell 2007, Child and Tsai, 2005). Competitive intensity is the condition where there exist fierce competition as a result of the numerous competitors operating within the market or industry and absence of growth opportunities (Auh and Menguc,2005). It is suggested by Auh and Menguc (2005) that, the outcome of the behavior of a business will change from being the results of a firm's from being deterministic to stochastic. This happens because the outcome of the firm's activities is affected or influenced by the activities undertaken by the competitors. Due to this, in a market where there is high competition, predicting outcomes reduces. Competitive intensity was introduced as a moderating variable between the capability of CRM and the performance of organizations. The purpose and reason for the introduction was to test whether the prediction organizational performance from CRM capabilities differs by the introduction of the third variable, in this case competitive intensity. Some items that were used in measuring the level of competition were, the number of firms offering products/services that are similar in nature, aggressive marketing strategies by other firms, market share and attraction of new entrants into the industry. Competitive intensity was introduced as a moderating variable because, it has been established in some works (Kemper et. al., 2013, Lumpkin and Dess, 2001) that, in industries or markets that have higher competition, the individual firms are customer focused. The motivation to focus mainly on the customer was driven by the intense competition that exists in highly competitive markets. According to (Kemper et al 2013), the intense competition can make organizations embark on Corporate Social Responsibility (CSR) since the CSR activity has a positive effect on the relationship on the firms performance. On the other hand, if the intensity of the competition is low, firms are not much concerned in the desires of the customers as such are not customer focused. Building long-term relationship with customers does not exist in such markets or it's very low.

1.2 Problem Statement

For some years now, customer relationship management in the field of business has risen in various literatures as a significant academic study and management practice. Several businesses now accept the fact building a stronger relationship with customers can improve the business in several ways (Neil 2001). Literature gathered from customer relationship management studies has alluded to the fact that many firms are not able to successfully use the CRM programs or activities available to them (Reinartz et al., 2004, Parvitiyar and Sheth, 2001, Plakoyiannaki and Tzokas, 2002). It has been ascertained that firms and businesses around the world are spending lots of money on CRM, but on the average about 70% of CRM programs do not achieve results in boosting business performance (Reinartz et al., 2004; Neil, 2001). It was indicated in some of the studies that, the businesses or firms got it wrong or faltered because the CRM capabilities they possess was not adequately deployed to ensure building of superior capabilities in managing customer relationships in order to achieve competitive advantage (Day and Van den Bulte, 2002; Morgan et al., 2004; Plakoyiannaki and Tzokas, 2002). The resource based view of a firm also shows that, poor capability of the relationship built between the firm and the clients may be one very critical cause of the failure of CRM. It has therefore become urgent that there should be a need for businesses to learn the ways of developing and strengthening CRM capabilities. It is however unfortunate that very scanty knowledge exists on what constitutes the capabilities of CRM and ways of measuring and strengthening the capabilities to ensure enhanced outcomes or performance of business.

Some sections of businesses and business owners see CRM to be only technologically driven (Reinartz et al., 2004). Customer Relationship Management however does not only work with technology. It is a combination of activities of human, processes and technology working together at the same time to ensure efficiency. Organizations that believe that CRM is only about technology do not understand the concept and thus fails immensely in its adaptation and usage. Thus this work does not look at the technological side but the capabilities derived from the activities of the business owners, managers and executives.

1.3 Objectives of the Study

The study sought to do find the impact of Customer Relationship Management capabilities on performance in the Small and Medium Scale Enterprises in Kumasi with competition intensity as the moderating effect. This was to ascertain if CRM capabilities can have any relationship with the performance of SME's within the metropolis whiles being moderated by the competition in the market. To achieve this aim, the study seeks to achieve the following specific objectives.

1. To determine the CRM capability practices among Micro, Small and Medium scale Enterprises (MSME's)
2. To measure the effect of CRM capability on organizational performance
3. To investigate competitive intensity and its effect on organizational performance in the MSME sector.

4. To ascertain extent to which competitive intensity affects the role played by CRM capabilities in determining organizational performance.

1.4 Research Questions

From the research objectives above, the following questions were proposed:

1. What are the CRM capability practices among MSME sector
2. What is the effect of CRM capability on organizational performance in the MSME sector?
3. What is the effect of competition intensity on the performance of MSME's?
4. What is the extent to which competitive intensity affects the role played by CRM capabilities in determining organizational performance?

Hypotheses:

The role of CRM capabilities on organizational performance cannot be overemphasized. CRM capability plays a crucial role in accelerating or enhancing organizational performance to gain competitive advantage (Barney, 1991). Businesses or organizations that effectively adapt the CRM capabilities mostly do have higher performance level (Krasnikov & Jayachandran, 2008). This gives an indication that, CRM capabilities have a positive relationship with organizational performance. As such, an enhancement or a boost in CRM capabilities will ensure an enhancement in organizational performance. Thus it is hypothesized that,

H1: Customer Relationship Management capability has a positive impact on organizational performance.

Competition intensity according to (Dess and Beard, 1984; Zahra and Covin, 1995) is the factor that deals with the hostility of the environment. An intense competitive environment is characterized by a lot of competitors located in a market which brings about reduction in growth and vice versa in less intense markets. When the intensity of competition in the market is low, organizations can operate with a high level of independence and flexibility and may not as much as possible take into consideration the relationship established with customers. On the other hand, if the competition within the market is high, the strategies adopted by the firm are mostly to counter that of the competitors. Businesses then become proactive to customer needs and begin to build stronger customer relationships in order to ensure sustained customer visits and purchase (Zahra, 1993). It is therefore hypothesized that,

H2: Competitive intensity affects the role played by CRM capabilities in determining organizational performance.

H3: Competitive intensity will positively moderate the relationship between CKMC and performance of MSME's

H4: Competitive intensity will positively moderate the relationship between Customer interaction management capability and performance.

H5: Competitive intensity will positively moderate the relationship between Customer relationship upgrading capability and performance

H6: Competitive intensity will positively moderate the relationship between Customer win-back capability and performance

1.5 Significance of the Study

Contribution to Micro, Small and Medium Enterprises

To some small and medium enterprises and other organizations, CRM is seen as a technology solution that extends separate databases and sales force automation tools to bridge sales and marketing functions in order to improve targeting efforts (Boulding et al 2005). Other SME's consider CRM as a tool specifically designed for one-to-one (Peppers and Rogers, 1999) customer communications, a sole responsibility of sales/service, call centers, or marketing departments. It is believed however from this research that CRM is not merely technology applications for marketing, sales and service, but rather, when fully and successfully implemented, a cross-functional, customer-driven, technology-integrated business process management strategy that maximizes relationships and encompasses the entire organization with the aim of enhancing organizational performance(Goldenberg, 2000). The concept of Customer Relationship Management combines the activities of marketing, sales, operations, customer service, human resources, R&D and finance, in addition to information technology and the Internet to enhance profitability derived from the contact with clients. The benefit of CRM to the clients of the business includes individualized dealings or provisions, ease, and speed for finishing business dealings, notwithstanding the communication channel (Gulati and Garino, 2000).

A CRM capability leads to increased competitiveness for several businesses as seen by greater revenues and lower operational costs. An effective and efficient management of customer relationship improves customer satisfaction and subsequently retention rate (Reichheld, 1996a, b; Jackson, 1994; Levine,1993).

Several businesses are beginning to appreciate the importance of maintaining a good relationship with the customers (Parvatiyar and Sheth, 2001). Several companies are gradually adopting strategies that are customer focused or customer-centric with tools, technology and programs to ensure efficient and effective customer relationship which in the long-run can ensure a growth in the performance of the business. The need for in-depth and well-coordinated customer knowledge to build stronger and partnering relationships with clients has become a key aspect of most businesses now (Parvatiyar and Sheth, 2001). For small and medium scale enterprises, CRM brings forth an advantage in enterprise approach to developing a full and an in-depth knowledge about the behaviours of customers and their preferences in order to develop strategies and programs that ensures that customers get what they ask for to continually relationship.

1.6 Scope of the Study

The study sought to gain insight into the CRM capabilities and how it affects performance with the intensity of competition as a moderating variable. The study adopted the CRM capabilities by Wang and Feng, (2008) which was originally developed by Churchill (1979) and used subjective measures in measuring organizational performance as against objective measure of performance. The work adopts the definition given by the NBSSI in Ghana as the bases for choosing an MSME. The National Board of Small Scale Industries (NBSSI) in Ghana in its definition applies both the `fixed asset and number of employees' criteria. The board defines a micro enterprises as one that employ between 1 and 5 people with fixed assets not exceeding 10,000 USD excluding land and building. Again, small enterprises employ between 6 and 29 or have fixed assets not exceeding 100,000 USD, excluding land and building. Medium scale business employs 30 to 99 workers with fixed assets not exceeding one million $1million.

1.7 Overview of the Research Methodology

The study focused on the Small and Medium Scale Enterprises within the Kumasi metropolis. The data used for the study was from a survey that will be carried out amongst the selected MSME's. The survey will mainly target Owners, managers and executives of MSME's. The bases for this were because they are in the best position to execute and implement Customer Relationship Management in their various organizations. A sample will be selected from the owners/managers/executives using a non – probability sampling method. Data will be collected through a structured questionnaire dispatched to the sample. Before the data will be collected, scale reliability of the questionnaire items will be examined using pilot data collected in 50 SME's within the Kumasi metropolis. The Cronbach Alphas reliability test will be performed. After modification, the final questionnaire will be dispatched to the business owners. Hierarchical Linear Modeling Regression analysis will be performed to test all stated hypothesis.

1.8 Organization of the Study

This section looks at the division of the work per the chapters. In all, the work was divided into five chapters. The first chapter, chapter was labeled introduction, and it had subsections made up of the background of the study, problem of the study, main objectives of the study and poses research questions and hypothesis to be tested. It also included the significance of the study and a brief methodology. The second chapter, captioned as literature review looked at works done in the area of study and also highlighted the definitions and comparisons of key terminologies. It also had a conceptual framework that sought to summarize the entire meaning of the work. The chapter three, captioned as the methodology of the research looked at the research design, population, sample and sampling method used for the conduct of the work. Chapter four covers the results of the field work and detailed analysis of the data to establish the relationships among the various variables. Finally, chapter five, which is the final chapter looks at the discussions of the findings, conclusion and recommendations to the SMEs and for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews relevant and pertinent literature on the subject matter. The chapter gives detailed explanations into the key concept and subject areas in the research. The first section will look at the concept of Customer Relationship Management (CRM) in general. The next section will look at the capability aspect of CRM. Competition intensity will also be looked at in this chapter. An empirical study of CRM capabilities and business performance will be examined with competition intensity as a moderating variable.

2.2 Theoretical Background of Customer Relationship Management (CRM)

The development of CRM can be traced back to the pre-industrial era (Sheth and Parvatiyar 1995b). It came about mostly as a result of direct interaction between agricultural producers and their customers. Artisans as well came up with customized products for most of their customers. The direct nature of these interactions led to a form of bonding or relationship between producers and their customers. The personal interaction lessened after the era of mass production took over given way for middlemen, and this brought about fewer interactions amongst producers and their customers thus bringing forth marketing orientation that is transactional. The middlemen then performed the marketing function leading to a separation of the production and consumption functions. The middlemen were generally oriented towards buying for profits because.

This notwithstanding, several factors are contributing to the fast development of CRM in recent years. Among the factors are increasing process of de-intermediation which is ongoing in several industries as a result of the coming up of new computer systems and telecommunication facilities which has endowed manufacturers with the chance of interacting personally with the final users and or customers. The collection of data about customers and tools used for marketing directly to customers now provide producers with the means of customizing the activities of marketing. Because of this, the function performed by the middlemen is no longer needed as before.

Several works including (Kumar et al, (2011), Mishra (2009) presented a finding that several businesses are realizing the significance of becoming customer centric or focusing on the customer in the competitive business environment of today. As such the businesses are adopting the concept of customer relationship management (CRM) as a vital or a core strategy in business. This has led to the conclusion that the concept of CRM has the ability to help firms manage more effectively the interaction between the firm and the customers.

Customer Relationship Management as a concept has been defined by several authors and writers in management and marketing. The work of Grönroos (1994) and Sheth and Parvatiyar (2002) mentioned that CRM other times known as relationship marketing shows a change in the marketing concept, changes in marketing orientation from getting customers to ensuring loyalty in customers. It was also indicated in the work of Payne (2006), that CRM gives an opportunity to businesses with respect to the usage of information, knowing clients better, offering value through sales customization and developing long-term relationships. According to (Seybold,2001;Strauβ and Schoder,2002), Customer Relationship Management (CRM) is an ongoing procedure whereby organizations exchange communication with their clients, and as a result creating, gathering, and analyzing the data of the clients with the purpose of using the results to improve marketing and service activities. The definition further clarifies that, it is the sole mandate of companies to manage their customers for purposes of financial gains by placing much emphasis or focusing mainly on valuable customers while discontinuing the customers that are less valuable. This notwithstanding, the work of (Schoeder and Madeja 2004) gave the assertion that, it is not every company that seems to profit or gain financial performance from their CRM activities and initiatives as expected. This notion was further backed by the work of Gartner (2003) which indicated that about 50% of all CRM projects do not reflect the expectation of management.

CRM as a concept or philosophy is also seen by Ryals and Knox (2001), as a management process that is undertaken with the purpose of building a relationship, retaining clients or customers and ensuring greater customer value. As a business strategy, (Croteau and Li, 2003) mentions that, CRM is a customer focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer. Also as a business concept, (Srivastava et al., 1999) explains CRM philosophy as "a macro-level (i.e. highly aggregated) process that incorporates numerous sub-processes, such as prospect identification and customer knowledge creation". As a technology, "CRM is an enabling technology for organizations to foster closer relationships with their customers" (Rababah et al., 2011).

Several writers have divergent views in coming up with a universally accepted definition for CRM. The differences mostly arise from the scientific background of the authors or writers. (Swift, 2000) defined CRM as a method of understanding the customer behavior through intense communication with him/her to improve the performance which is represented in attracting the customer, keeping him/her and increasing his/her loyalty and profitability. The definition presents CRM as a communication tool used by the business entity in seeking a clearer understanding of the conduct of the customer. Stone & Findlay (2001) gave a definition of CRM to mean an organization undertaking a process of seeking information relating to their customers from various sources and maintaining them as a way of segmenting the market, using it as a tool of analysis and reusing when necessary. From the definition, CRM is captured as a tool used only for collecting and storing customer or client records. Forss & Stone (2001) also gave a definition of CRM as the ability of a business entity to enhance performance in relation to its research methodology, technology and online business for the purpose of maintaining adequate relationship with the clients. The explanation highlights CRM as a technological tool in enhancing customer interaction. (Parvatiyar & Sheth 2002) posits that CRM is a detailed strategy that takes into consideration the practice of seeking clients, maintaining them and associating with them to establish an enviable value for both parties, (customer and business entity). For the strategy to achieve its full potential in ensuring effective value creation or both parties, it must adequately factor the concept of marketing, customer service, sales management and a concept of value chain.

(Payne & Frow, 2005) gave a more comprehensive definition to the concept of CRM with a strategic point of view. The work viewed the concept of CRM in a form of planned and tactical style which is associated with coming up with a unique value for the organization and its shareholders by ensuring better relationship between the organization and the major clients as well as all other category of customers, with the purpose of merging the concept of marketing by promoting relationship and technology as a tool of creating long-term relationship that is profitable for both parties. Such value can be created by the provision of reliable data and information to better understand the needs to customers and provide them as such in order to ensure the value they require. As such, for this to happen, there is the need of merging customer wants with the marketing abilities of the organization. This can happen through information gathering and the application of technology.

All the definitions given above reflect key issues in CRM; that is building effective relationship with customers to ensure satisfaction which eventually leads to loyal customers with the purpose of ensuring growth in performance.

2.2.1 Customer Relationship Management with reference to the domain of Marketing

The concept and theory of marketing most times gives a clear guidance on how organizations and businesses should react to available opportunities. Marketing actions or activities also has the ability environmental modification and as such ensuring opportunities being built (Campbell, 2003). Very key roles are played by marketing management in the areas of:

- Going through a market sensing process that is effective,
- Development of new proposition to ensure value, and
- Provision of a binding outcome in ensuring achievement of a coherent whole (Hunt, 2004).

CRM impacts positively on capabilities in the sense that, it enhances the result of the ongoing development and incorporation of ideas that are marketing related and recently available data, forms of organization and technology (Boulding et al., 2005).

The principle and concept of CRM mostly help businesses to ensure multiple value creation: including value creation for shareholders and same for clients (Vargo and Lusch, 2004). These goals are compatible as a result of the relationships representing market-based assets invested in by marketers consistently with the view of remaining significant always amongst competition. A business or organizations that build strong relationship with customers mostly ensure customer loyalty and/or switching cost which is a tool to build effective competitive barriers. Consequently, differential advantage is gained from relationship by ensuring efficiency in the resources targeted at customers. For example, customers who are loyal respond favourably to the actions of marketing and buys more of the organizations products (Verhoef, 2003).

2.3 The concept of Relationship Marketing in CRM

Customer relationship management can be traced down to the concept of the literature of relationship marketing. The concept of relationship marketing as introduced by Leonard Berry in the early 1980s, was defined to mean, attracting, maintaining, and enhancing customer relationships (Berry, 2002). Relationship marketing in the field of business practice and academic research has major growth in the past decade (Srinivasan and Moorman 2005). (Morgan and Hunt, 1994) defines relationship marketing as "all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges. The findings from several research has indicated that relationship marketing if well practiced generates stronger customer relationships that boost the performance of sellers in terms of their sales outcomes, market share and overall profit profits (Srinivasan and Moorman 2005). Researchers also in their findings have again indicated that relationship marketing sometimes have a negative impact on the performance of organizations (Hibbard et al. 2001; De Wulf, Odekerken- Schroder, and Iacobucci 2001).

This gives an indication that the usefulness of relationship marketing activities may differ as a result of explicit policy and exchange framework. The difference in performance suggests that there is the need for a system that can merge all empirical studies and fully appreciate the creation and sustenance of stronger relationship performance (Reinartz and Kumar 2003).

The concept of Relationship marketing generally bridges the gap amongst the buyer and the seller and it should be marked by trust, commitment, communication and promise fulfillment (Gummesson, 1994; Morgan and Hunt, 1994).

2.3.1Trust

The first and very key aspect of relationship marketing is trust (Morgan and Hunt, 1994, Buttle, 1996). The fundamental element of relationship marketing is trust (Berry, 1995).

(Moorman *et al*, 1993) define trust as "a readiness to depend on a partner in whom assurance is bestowed". (Buttle, 1996) mentioned that self-confidence as an attribute is related with steadiness, healthiness, mental sacrifice and supportive and preparedness to help. Feeling of security can be gained from trust. It can also lessen level of uncertainty, and promote environmental friendliness (Morgan and Hunt, 1994).

From the consumer's point of view, trust according to Cottrel (1995), means serving the desired product at the right price and at the same time ensuring an ongoing relationship between the customer and the business to generate mutual benefits for both parties involved.

2.3.2 Commitment

(Moorman *et al.* 1993) considers commitment as a compliment in the relationship between the buyer and the seller. Commitment is a key tool for distinguishing between those who stay and those who leave (Wilson and Munmalananeni, 1986). Commitment looks at the essential variable for stronger relationship marketing and also a useful tool to measure how loyal customers are (Morgan and Hunt, 1994). Allen and Meyer (1990) mentioned that commitment can be an "Affective or sentimental" "calculative" and "normative" correspondingly. The work also indicated that affective commitment reflects how a person is sentimentally affiliated to, empathize with and involved in the activities of an organization. So, affective commitment helps to ensure that the customer remains or stays with the organization as a result of a strong bond with the organization.

Calculative commitment concerns the recognition or calculation of the cost associated with parting with the business (Martineau, 1958). Also normative commitment is dependent on client compulsion for the business (Weymer, 1982). Diverse commitments have diverse results however all forms of commitment may not yield any benefit for the business (Meyer et al, 1989).

2.3.3 Communication

Another important dimension of relationship marketing is communication. Communication can be defined as the ability to discharge information to the customer in a timely and trustworthy manner (Anderson and Nanus, 1990, cited in Ndubisi, 2007). Currently, new communication concept defines it as a two way dialogue between the customer and the company before, during and after transaction. In relationship marketing, communication relates to keeping in touch with valued customers whiles providing timely and accurate information about products and services. According to Ndubisi (2007), communication is a key element in building awareness, understanding what customer wants, ensuring customer convenience and serve as a motivation for repeat purchase.

2.3.4 Promise fulfillment

Fulfilling promise made to the customer according to Groonroos (1994) is a major key to building stronger relationship. An organization mostly seek out for new customers by giving customers some form of promise, however, if the promise is breached by the organization, it strongly affect the developing and maintenance of growing association. A promise fulfilling has significant contribution in providing high level customer satisfaction which leads to customer loyalty and as such profitability.

2.4 Theoretical Background of Customer Relationship Management Capabilities

Capabilities have been defined by several authors and writers. Amit and Schoemaker (1993) defined capabilities as the ability of an organization to adequately harness and merge resources, by the process of organizational procedures with the aim of achieving set targets. Also, Collis and Montgomery (1994) described capabilities as the complicated societal process that ensures the effectiveness and efficiency that organizations adopt in order to change inputs into outputs. A major significant factor in building a strong competitive advantage for a firm is the firm’s capability. There exist several forms of capabilities in marketing and they form part of the significant drivers of a firm's performance (Srivastava, Shervani and Fahey, 1998; Day, 1994). Extra ordinary application of CRM capabilities could provide the firm with viable competitive gains (Day, 2000).if an organization is able to deliver excellent customer relationship capabilities via the various activities of CRM, organizations can build and provide greater client value, and improve the performance of the organization.

The capabilities of CRM are part of the CRM activities in the organizational process and they represent the organizations skills and knowledge to be able to know customers and prospects that are profitable start and maintain a relationship with such, and pull the relationship into gainful profits (Morgan et al., 2009). It can thus be said that, the capabilities of CRM reflects the key happenings of CRM (Srivastava et al., 1999; Reinartz et al., 2004), which includes customer knowledge management capability, customer interaction management (e.g. client recognition, getting hold of consumer and client holding), customer relationship upgrading (e.g. cross-selling and up-selling), and customer relationship win-back (getting back lost customers who were profitable) (Reinartz et al., 2004; Parvatiyar and Sheth, 2001). As such, CRM capabilities can be handled in a form of a multi-dimensional paradigm comprising four (4) constituents:

1. Customer Knowledge Management Capability (CKMC)
2. Customer Interaction Management Capability (CIMC)
3. Customer Relationship Upgrading Capability (CRUC), and
4. Customer Win-back Capability (CWC).

2.4.1 Customer Knowledge Management Capability (CKMC)

Customer knowledge is defined by (Li and Calatone, 1998) as structured and organized information about customers of an organization. The work of (Alavi and Leidner, 2001) explains management of customer knowledge as the firm's process that has to do with formulating, storing, retrieving and applying knowledge of customers. The purpose of this process is to help firms attain, generate and mix actual knowledge of customers with the aim of gaining deeper and thorough understanding of customers so as to serve them better (Gilbert et al. 2002). The concept of CKMC relates to all the actions and processes that is meant to gather and analyze the information of customers, coming up with and dispersing in-depth knowledge of customer in order to create and maintain a portfolio of customer relationships with the aim of ensuring greater profitability (Zablah, 2004). The concept can provide organizations with competitive advantage that that extremely hard to imitate. Such a capability cannot be acquired on the market but can only be derived from the process of the business (Day, 1994). For firms to effectively develop working customer management capability, it needs to gain knowledge in the desires of clients and likely customers, their needs and preference, the profitability of the existing customers and the prospective ones, and all other factors that has the ability to influence the needs of customers (Reinartz *et al.,* 2004, Wang, 2012).

2.4.2 Customer Interaction Management Capability (CIMC)

Customer Interaction Management Capability is said to be the skills that firms adapt to find, secure and keep profitable customers. Interaction that takes place between the customer and the business or organization can serve as an opportunity to enhance the relationship between the two parties and also serve as a data gathering tool (Mack et al, 2005). One very key element of the capabilities of CRM is the CIMC. In an organization where customer interaction is well organized, structured and monitored be it verbal or nonverbal, the CRM practice in the organization can adequately be enhanced as such increasing customer satisfaction (Parvatiyar & Sheth, 1994). CIMC mostly is heightened using oral and non-oral communication formats with customers through diverse communication channels. This is a key approach to establishing relationship with customers (Anderson, 2001). Without interaction or communication, it is impossible to establish cordial relationship with customers. In the long run, the constant communication with customers can change their perceptions and behavior towards the organization and build trust for the business which can boost the performance of the business as well as enhance customer satisfaction.

CIMC can be defined as the ability of a firm to recognize, secure, keep, and partner with existing customers and prospective customers who are likely to be profitable. The skill required recognizing, securing, keeping and partner with profitable clients is a major and critical success factor for every organization. The process of securing clients involves the customers first business or purchase and the other activities that do not end up in a purchase decision (Blattberg, Getz & Thomas, 2001Investment in a well-structured process of securing customers do not only bring about short term purchase for the business but it can also bring about long-term business deals or purchase that will benefit the organization (Srivastava, Shervani and Fahey, 1998).

The retention of customers is seen by many businesses as a very major basis for client worth because it is believed that, it cost an organization more to acquire or secure a fresh client than to maintain the already existing once. Relationship that is long term generates more profit. The net present value of the customer is going to increase between 25-95% as a result of the rate of customer retention increasing by 5% (Dawkins and Reichheld, 1990; Reichheld and Sasser, 1990). As such, the organizations ability to maintain the prospective customer with high value is seen as a critical factor in CRM (Stone, 1999). Businesses that are focused and having a structured project for retaining customers and people assigned specifically to operationalizing the retention project as a matter of fact produce enhanced client holding results (Ang and Buttle, 2006). As such organizations should channel their strength and focus on securing and keeping high value clients (Zeithaml *etal.*, 2001).

2.4.3 Customer Relationship Upgrading Capability (CRUC)

CRUC is related to the practice of firms employing the strategy of up-selling (the ability of selling relatively higher priced items, upgrades) and cross-selling (the ability of seling extra or additional goods and services) to customers already existing after a thorough analysis of the data of customers. Customers that are loyal will embark on more purchases from their distributers than fresh clients (Blattberg, Getz and Thomas, 2001) and the practice is known as "add-on selling". The concept of Add-on selling consists of cross-selling, up-selling and purchasing more of the same product/service.

2.4.4 Customer Win-back Capability (CWC)

CWC has to do with the process of re-establishing relationship with customers who are lost or not active. A firm losing customers frequently will experience negative outcomes (Reichheld and Sasser, 1999). The organization apart from losing the customer permanently may have to deal with the negative word of mouth that is spread by unsatisfied clients (Hogan*etal.,* 2003).

2.5 Competitive intensity

The works of (Dibrell 2007, Child and Tsai, 2005; Barth, 2003; Kumar and Subramanian, 2000 and Dess and Beard ,1984) describes competition intensity as one of the environmental hostility factors. This is where competition is severe as a result of several competitors operating in the market thereby causing a shortfall in growth (Auh and Menguc,2005). The writers posit that, the higher the rate of competition, the outcome of the behavior of an organization will change from being deterministic to stochastic. This is because the organizations will now be influenced by the activities and the exigencies commenced bt other competitors. This therefore means that, when competition is intensified, the ability to predict and be certain is reduced.

Competition intensity can be described as where there exist lots of competitors which leads to less opportunity for growth. In an environment of high competition intensity, the organization does not operate in isolation or the organizations behavior and attitude towards work is dictated by other competitors in the market or industry. On the other hand, when the intensity of the competition is low, the organization gets some flexibility to operate according to its own terms without bothering about what the competitors are doing. When competition is high, strategies must be in line with that of competitors. Businesses are able to take proactive steps and also take higher risk in a high competition market. In such markets, companies are mostly innovative in coming up with products and also come up with innovative processes in order to explore the market and create a difference from the activities of the competitors in order to attract and retain customers (Zahra, 1993). Competitive intensity was measured using five items. The items are, the number of firms offering products/services similar, aggressive marketing of products/services, the percentage of the market controlled by competitors, attractiveness of the industry to new businesses, availability of alternative suppliers (Shafigue et al).

2.5.1 Determinants of competitive intensity

There are several factors that determine the level of competitive intensity in any market or industry. Among such factors are:

Cost

The work of Porter on level of competition mentioned elements like high fixed costs, expensive cost of storage, and the fact that there may be low switching cost in the market or industry. When massive investments in fixed costs are made by organizations, there is mostly greater competition in order to sell most of their products in order to recoup the amounts invested in the fixed costs. The cost involved in storage also pushes sellers to compete in order to quickly sell their items to defray or reduce that cost. Again the easy mobility of customers in changing providers' induces competitive intensity and rivalry all with the purpose of holding on to their clients (Kokemuller, 2015).

Many Firms, Flat Market

Another very important factor in the determination of competitive intensity is higher or more companies operating in the market or industry (Kokemuller, 2015). In addition the limited market available for the products and services adds up to the intensity of the competition within the market. It was found by Porter that in highly saturated markets, companies have no option than to compete intensely for the current or existing customers in the market. Thus sellers try as much as possible to improve customer loyalty and competitors try so hard to take over customers of others (Kokemuller, 2015).

Differentiation Potential

Another important factor in the determination of competitive intensity is the level of differentiation of products or services in a market or industry. The more difficult it is for companies to achieve differentiation of its offerings, the greater the competitive intensity in selling and acquiring customers since there are several similar substitutes. This gradually is pushing business owners to have a rethink on ensuring the addition of value or other means with the purpose of encouraging customers to do business with them (Kokemuller, 2015).

Ability to leave

Competition intensity is also affected by the ease with which businesses can exit an industry or market. The work of Porter did indicate that the higher the exit barriers, the higher the rivalry in the industry. Some of the barriers include, exit cost. If companies find it more difficult to leave than to stay and compete, they are more likely to make the investment and commitment necessary to optimize their potential within the industry. In markets where exit is easier, companies that find the competition too intense can easily opt out rather than stay and fight the competition (Kokemuller, 2015).

2.6 Empirical review of CRM and Organizational performance

This section discusses the impact CRM in general has had on the performances of organizations. Several research works over the years have worked towards getting a clearer understanding of the significance of CRM (Ryals & Knox, 2001; Ryals & Payne, 2001). The works have shown some evidential findings of the significance and impact of CRM on the performance of organizations (Reinartz, Krafft, & Hoyer, 2003; Day & Van den Bulte, 2002). Some works have shown that there exist a positive and a significant impact of CRM on different performance measures relating to the business (Palmatier, et al, 2007) and customer performance measures as well (Gustafsson, Johnson, & Roos, 2005; Mithas, Krishnan, & Fornell, 2005).

Reinartz et al. (2004) in their work looked at establishing a link between the activities of CRM and organizational performance. The work gave an indication that CRM do have an impact on organizational performance. Other researchers also argue that the effectiveness and efficiency of the sales force will be enhanced by the adaptation and application of the CRM practices (Jones, Sundaram, & Chin, 2002).

The work of Rigby et al., (2002) indicated that, improvement of the motivation of employees is one of the probable benefits of CRM. LOŠŤÁKOVÁ ,(2007) as part of their findings mentioned that a business or an organization can adequately enhance or variate their products in comparison with that of competition. Businesses can as well raise the number of new products that are introduced to the market. The work also mentioned that CRM can massively raise the volume of sales of clients which will in effect raise the revenue generation of the business. K i m, S u h & w a n g (2003) again mentioned in their work that the process of

CRM can enhance the contentment of customers, raise the loyalty of customers, decrease the cost of gaining a client and repeatedly raise the profit level of the organization.

(Khirallah, 2004) mentioned that, the duration of the conversation or interaction with a customer will increase immensely and at the same time, the delivery time of services to customers will be reduced as a result of CRM. La Valle & Scheld (2004) gave an assertion that the marketing and sales cost can be reduced as a result of the introduction of CRM. The work also found that, CRM can advance customer retention as well as increase the worth of customers.

A lot of research works have shown a constructive and a major asociaton between CRM practices and the performance of an organization. A recent portion of the Journal of Marketing showed that the activities of CRM boost firms performance in eight of ten publishes works (Boulding, Staelin, Ehret, & Johnston, 2005). Again, Day and Van den Bulte (2002) a well-organized CRM capability can ensure greater of superior performance for (Hooley et al. 2005).

2.6.1 Summary of Relationship between CRM and marketing performance

The authors	The objective(s) of Study	The Methodology	The results
Colgate & Danaher, 2000	The objective was to study the effect of customer relationship in the banking sector on customers satisfaction and loyalty	The work was conducted in New Zealand using a systematic random sampling technique. 1917 respondents were selected from the telephone directory. The data was collected via mail. The total responds was 784 representing a response rate of 43.5%	The findings of the study indicated effects that are both optimistic and damaging Customer relations yield positive results when the process is carried out in very skillful way which ultimately improves customer satisfaction and loyalty. On the negative side, a deficiency in the execution of the strategy results in customer dissatisfaction and disloyalty.
Hennig – Thurau and et.al., 2002	The objective was to assign a model to ensure a profitable relationship that is long term among companies in the public service and their clients.	The data used for the work was gathered from 336 respondents from 3 different categories of workers. Companies represented first were institutions offering direct services involving lots of communication and services that are highly customized or individualized such as financial institutions, therapeutic institutions, hairdressers etc. Individual or distinct organizations offering services that are direct and regarded by modest or low degree communication represented the second set of respondents. These include, shops repairing shoes and private security firms. The third group was made up of institutions offering services recognized by reasonable communication with customers. Such companies include movie theatres, restaurants, shopping malls and several others.	The findings of the work indicated that, the satisfaction of customers, their commitment and trust represent three key dimensions for the quality of relationship between a business and its customers. This directly or indirectly impacts on the loyalty of the clients.

Verhoef, 2003	The objective was to ascertain the outcome of CRM of retaining customers and the growth of the share of the market.	The data used for the research was gathered from clients of an insurance firm in two stages. A telephone call was the channel used in gathering the data. The targeted population was 6525. 2300 formed the sample and they were picked randomly. That represented 35% of the total response rate. The second stage saw data collection from a sample of 1986 respondents. Out of the number, 1128 was gathered representing a 56% response rate. Two dimensions were set as the independent variable. The first dimension constituted the clients apprehension of the reasonable price paid for the services rendered by the company. The measurement of the dimension was done by the rate of the This dimension was measured by the degree of readiness by the customers to maintain relationship with the company and the satisfaction that comes with it in the long term.	The findings from the study indicated that in both cases, the customer's desire to extend his/her relationship with the institution and his reliance on the customer-loyalty programs positively affect customer retention and the growth of the market share. However, using direct mail only influences the growth of the market share.
Malmi & et.al., 2004	The objective was to determine the extent of relationship between the CRM approach of the organization and customers' profitability as well as performance of the work unit of the organization.	Questionnaire for investigation were designed with the purpose of the work in mind and dispatched via mail to 2486 managers responsible for administration works, marketing managers and financial controllers in 677 industrial and service providing organization with employees of less than 100. 564 responses were gathered from 354 businesses.	The work in its concluding parts admonished that the approach of organizations towards CRM affects the profitability of the business.

Source: Author 2016

2.7 Empirical review of CRM Capabilities and business performance

The resource base-view of an organization maintains that, an organization whose resource varies in value, rarity, imitability, and sustainability are likely to enjoy greater competitive advantage than others (Barney 1991; Penrose 1959; Wernerfelt 1984). One major driver of competitive advantage for marketers in literature has been the presence of the Resource Based View (RBV). (e.g., Bharadwaj, Varadarajan, and Fahy 1993; Capron and Hulland 1999; Hunt and Morgan 1995). In the perspective of capabilities, there is a suggestion thatit is not the resources but rather the capabilities that ensures the deployment and leveraging of resources that are used by organizations to outperform the rest (Grant 1996; Teece, Pisano, and Shuen 1997). Organizational capabilities help businesses to embark on value-creating tasks more efficiently, and they reside in organizational processes and routines that are difficult to replicate. Capabilities can deeply be traced these procedures and are therefore encapsulated within organizations in the structured mesh of organized activities that follow managerial decisions over time. In view of this, capabilities that are well implemented and controlled create barriers to imitation and assist firms to have sustainable advantage over competitors (Grewal and Slotegraaf 2007). In all, it can be said that capabilities are essential elements in determining a firm's competitive advantage and as such the firm's performance (Day, 1994). Overall, comparing research did in the field reveals that there exist a positive relationship amongst CRM capability and performance. In general, the weight of arguments in prior research supports a positive association between capability and performance.

According to (Krasnikov & Jayachandran, 2008), businesses or firms that possess the capabilities of customer interaction management and customer relationship upgrading capability most of the time enjoy superior performance in relation to finances. This according to their work gives a significant and a positive relation between CRM capabilities and organizational performance. As a result, an enhancement in the CRM capabilities of a firm will yield or see an increase in the performance of the organization. (Day, 2003) also revealed that customer relationship management capabilities that stands out can bring about greater customer loyalty and better competitive advantage. (Ryals, 2005) also found that upon successful implementation of customer relationship management capabilities, the profits of business can increase by 270%. It can also boost the price of stocks (Fornell, Mithad, & Krwashnan, 2006), the satisfaction of customers and their willingness to stay (Anderson, Fornell, & Mazvancheryl, 2004).

2.9 Moderator effect in social research

Any factor whose presence or introduction can influence the direction or strength of a causal relationship between a process and its outcome; is termed as a moderator (Baron and Kenny, 1986, Holmbeck, 1997). Moderator variables can be either categorical (e.g. education, gender, marital status) or continuous variables (e.g. disposable income). A variable that is acting as a moderator can influence negatively or positively the association between the dependent variable or an independent variable and it can as well boost or decrease the direction of the association (Lindley & Walker, 1993). It is said to be the third variable that influences the zero-order correlation between two other variables.

In the work, competitive intensity was introduced as a moderating effect. This was to indicate and come out with a clear finding to test if competitive intensity can change the direction or the strength of relationship between the CRM capabilities and organizational performance. The competitive intensity may enhance, reduce or change the influence of the capabilities of CRM. The conditions that necessitates the introduction of a moderating variable includes when the relationship between a predictor or independent variable and the dependent variable is strong. This notwithstanding, it is mostly used when there exist an unexpectedly weak or inconsistent relationship between an independent and a dependent variable (Baron & Kenny, 1986; Holmbeck, 1997; Lindley &Walker, 1993).

In research, a moderator variable can be introduced to examine whether an association between two variables can be bolstered or weakened or its direction altered; respite a strong or weak causal relationship between the predictor and the independent variables, (Baron & Kenny, 1986; Holmbeck, 1997; Lindley &Walker, 1993).

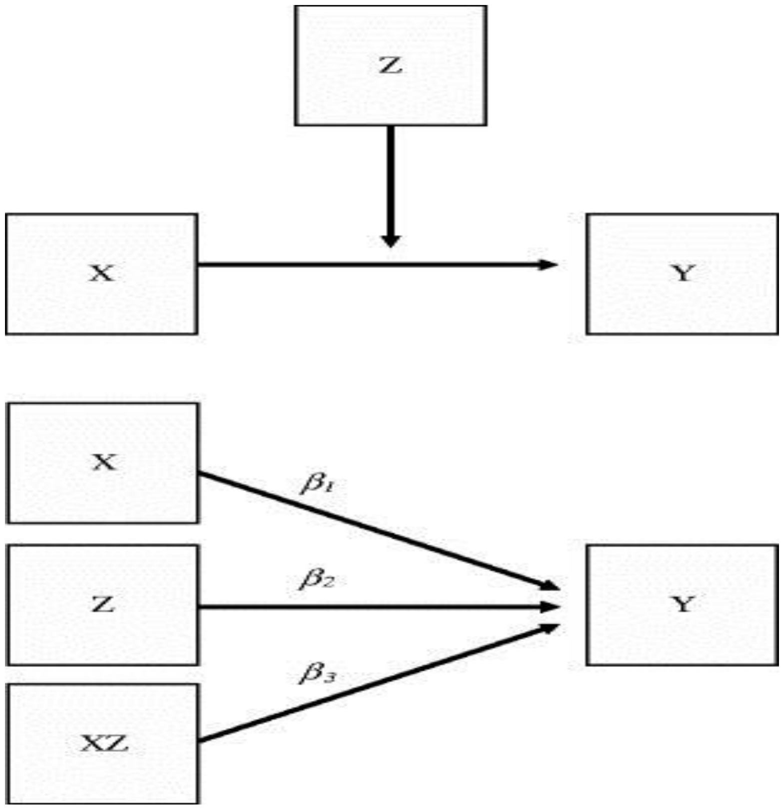
It is introduced to explore how the effect of an independent variable, X, on the dependent variable, Y, changes across levels of a third factor, Z as shown in figure 1.

Moderation effects are tested with the use of multivariate regression analysis. Here the exogenous variables plus their interactive terms are demeaned prior to estimation in order to enhance analysis of the betas (Fairchild and MacKinnon, 2009). A single regression equation forms the basic moderation model:

$$Y= i_s + \beta_1 X + \beta_2 Z + \beta_3 XZ +e_s$$

In the equation, β1 represents the coefficient of the vector of independent variables X when the value of the moderator, Z is zero. Y represents the outcome variable whilst β2 represents the parameter of the moderator variable, Z, when X = 0. i_s is the constant, when both X and Z are zero, and e_s is the residual term.

β3 representing the coefficient of the interactive term shows the impact of the moderation effect. The call for a moderation effect is therefore dependent on the significance of β3. To determine the nature of interaction, simple slopes are plotted which shows how the slope of Y on X is dependent on various levels of Z, (Fairchild and MacKinnon, 2009) at one standard deviation below or above the mean of the vector of independent variables, (Aiken and West, 1991, cited in Acquaah and Agyapong, 2015).



Source: Fairchild and MacKinnon, 2008

Figure 1: Alternate path diagram representing the model of moderation.

X= the vector of independent variables,

Y= the outcome variable,

Z= Vector of Moderators,

XZ= Interactive term,

β1 = the impact of X on Y,

β2 = The impact of the moderator on Y, and

β3 = The moderating effect of Z on X and Y relationship

2.10 Small and medium scale Enterprises in Ghana

The development of SME's has gone through several faces as such no single generally accepted definition is available. It has been defined differently by several authors and institutions across the globe (Storey, 1994). Ward, (2005) adds to this assertion by saying that there is no universally accepted explanation or definition for the concept because the definition given relies on the person defining it and the place of definition. Countries, institutions and firms are different in terms of their capitalization levels, revenue generation and employment levels as such there cannot be a single universally accepted definition for the concept. Therefore the various definitions will take into consideration measurement of the size of net worth, level of profitability, the number of employees available and the rate of turnover. When these elements and more others are categorized and applied in a region or sector, then a business can be defined as being small, or medium. The same size can be applied in a different sector or region and be given a different categorization.

Historically on a global context, Bolton Committee (1971) formulated a definition or an explanation to what constitutes a small or a medium scale business. The divided the definition into economic and statistical. Under their economic definition, a firm is described as small if it has small share of the market compared to others in the market, if owners or part owners manages it personally and the business in independent as such not belonging to any formed association or a larger enterprise. Also under their statistical definition, the a firm is said to be small based on its size and how it contributes to the GDP and employment rate, how the business economic situation has changed overtime and the ability to apply the statistical definition to other countries in terms of its contribution to the economic development.

The committee brought up different definitions and interpretations of a small or a medium enterprise in different sectors. In the fields of mining, manufacturing and construction, the committee defined it in terms of the number of employees; that is 200 or less constituted a small business. In the aspects of retailing, services provision and wholesaling, their size was defined in terms of their profitability; 50,000-200,000 British Pounds was considered a small business. Again in the transportation sector, the committee defined a small business as one with 5 or less vehicles. These definitions and categorizations have been criticized however as being inconsistent.

The member states forming the European Union (EU) have come up with a generalized definition that is binding to the member states. It currently define a business with less than 10 employees as micro, those with less than 50 as small and the business with less than 250 as medium.

The venture capital trust fund Act, 2004 (Act 680) defines the concept based on their asset base. It defines an SME as a business, project or an economic activity with its total asset base (not including buildings and land) not exceeding the cedi value of one million United States dollars in value. The USAID however defines it as a business that has fixed assets not more than $250,000 also not including land and building.

In Ghana, the definition of the concept started with that of the Ghana Statistical Service in their 1987 industrial census. It came out that, a business is categorized as small if it employs between 5 and 29 workers and with a fixed asset not more than $100,000. On the other hand, the businesses employing between 30 and 99 workers were categorized as medium scale businesses (Osei et al, 1993). The National Board for Small Scale Industries (NBSSI), the current regulatory body if small and medium scale enterprises in Ghana defines the concept based on fixed asset and the number of employees of the business. They define an SME as a business entity employing more than 9 workers, having fixed assets not including (land, buildings and vehicles) not more than 10 million cedis ($9,506 per 1994 exchange rate) (Kayanula and Quartey, 2000).

2.10.1 Relevance or Roles of SME sector in economic development

The development of SME's has undisputedly enhanced the development of the nation and Africa and the world as a whole. It is the policy direction of most or every government with the African continent to ensure the growth and sustenance of the sector because it is seen as the engine for the growth of the economy (Aryeetey, 2001). The United Nations Industrial Development Organization (UNIDO) posits that the development of the SME sector has accounted for over 90% of all business registered in Africa.

As part of its roles, the sector has provided employment and as such provided income to a greater percentage of urban and rural settlers and constitutes a significant source of the output employment rate output in the country (Aryeetey, 2001). The work of (Daniels, 1994) indicated that the SME sector employs over 22% of the population of adults in several developed countries. Another significant input of the SME sector is its employment and utilization of the raw material available to the country that would have gone wasted or neglected because they are not exported to generate foreign exchange.

The work of (Beck & Demirguc-Kunt, 2004) mentioned that, the development of SME's has enhanced competition and the skill of entrepreneurship and has brought about several benefit to the economy in terms of efficiency, growth in productivity and innovation. As such a massive support from governments can aid the country to reap societal benefits or advantages. The work of Levy & Powell, (2005) indicated that there is more flexibility and innovation in SME's therefore businesses in the sector responds rapidly the demands of customers and the market.

The SME sector according to the Ghana Statistical Service (GSS, 2007) employs about 69% of the total population in Ghana. As such it is the major source of employment for both rural and urban settlers. Jennings, (1994) indicated that SME's are the foundations of the development of new products and services, innovative methods of production, creation and setting up markets thus opening up the economy as well as coming up with fresh sources of supplies all in aid of economic enhancement.

Small business or enterprises have dominated the Ghanaian landscape and is seen to provide about 85% of employment in the manufacturing sector (Aryeetey, 2001). SME's are sid to contribute about 70% to the Gross Domestic Product (GDP) of Ghana and largely accounts for almost 92% of Ghanaian businesses. With these statistics, it is evidential that SME's plays a major and a critical role in inspiring growth, creating employment and mainly reducing the poverty rate in the country and several other African continents (Culkin and Smith, 2000).

2.11 Business performance measurement

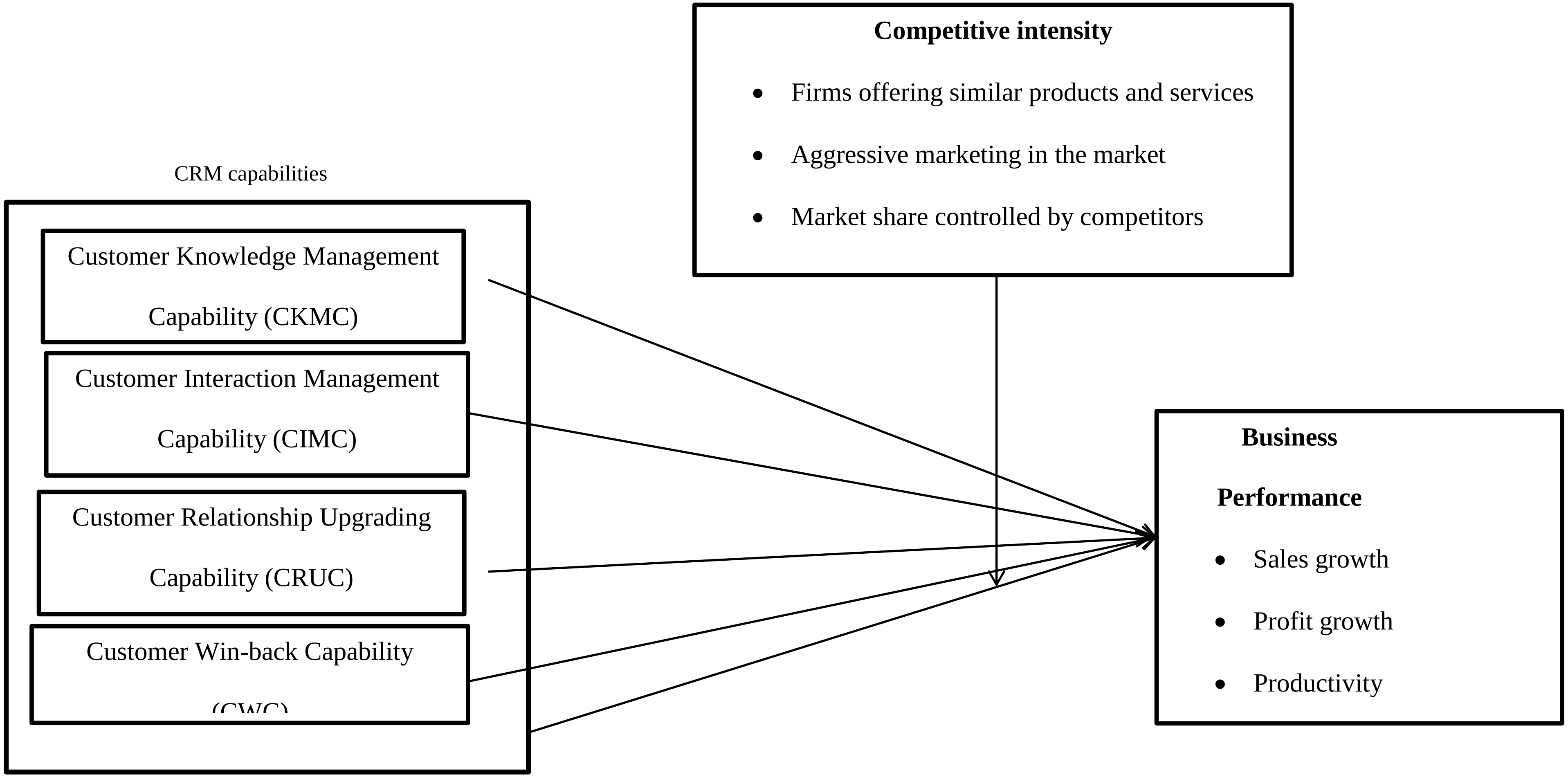
The measurement of the performance of business is the formal, routines and information based process that managers of organizations use to sustain or change the pattern or way of doing things in the organization (Simmons 2000). A well-structured and controlled performance measure assists organizations in occasionally setting business goals and giving response to managers on the progress towards the attainment of the set goals. In measuring business performance, time is allocated to achieving a set goal. The time set for the goals can be a year or less for short term goals or take several years for goals that are long term (Simmons 2000). According to Lebas and Euske (2002), performance is defined as doing today what will bring about measured value outcomes tomorrow. Business performance measurement therefore has to do with measuring the performance of a business relative to some benchmark, which can be a competitor's performance or a target preset.

In measuring performance, multiple measures are used. A measure is a quantitative value that is mostly used for evaluation purposes. A measure that is specific can be compared to itself overtime, compared to the current target set, or evaluated with other forms of measurement (Simmons 2000). The measure needs not represent an absolute value since its used purposefully for the measure of comparison. For example, when measuring customer profitability, the relative distance in profitability of two clients may be as valuable (and easily gotten) than knowing the absolute for a client's profitability.

According to the work of Simmons (2000), a measure can be objective or subjective. With objective measure, it can be independently measured and verified. Subjective ones on the other hand cannot. Measures can also be classified as either financial or non-financial. Financial measures can be attained or derived from a company's profit or loss account and balance sheet such as level of inventory or cash at bank or in hand. Non-financial measures on the other hand are found in customer satisfaction scores or product quality measures. A measure can also be described as leading or lagging. Lagging measures give feedback on past performance, such as last month's profit, and do not project future performance. Leading indicators, on the other hand are designed to measure future performance. Some leading indicators to future performance might include customer defection rate, customer satisfaction scores or changes in consumer confidence.

In the work, performance was measured by comparing actual performance relative to the organizations performance in the past 3 years. The comparison was done on a 5 point likert scale ranging from much less to much more in terms of achieving sales growth, profit growth, productivity growth and overall net profit.

2.12 Conceptual framework for CRM capabilities and its effect on perfromance with competitive intensity as a moderating variable



Source: Author 2016

The figure above represents a conceptual framework of the effect CRM capabilities can have on organizational performance with competitive intensity playing a moderating role. The figure can be interpreted to mean that, if an organization ensure the successful adaptation and implementation of the above CRM capabilities, whiles monitoring the competition in the industry, it can have an impact on the performance of the organization. It has been hypothesized that, CRM capabilities have a positive impact on organizational performance. It has also been hypothesized that competitive intensity has a moderated effect between the relationship of CRM capabilities and organizational performance. The diagram therefore represents a summary of the entire hypothesis and also captures the objectives the research sought to achieve. It is seen from the diagram that, the entire CRM capabilities do have an effect on performance. Each single item or dimension of CRM also has a singular effect on performance. Introducing competitive intensity as a moderating variable also affects the extent of relationship between the dependent and the independent variable.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This sections under this chapter looks at the general methodology that was adopted in the conduct of the research. Sections included the research design, sources of data, population, sample and sampling technique, data collection instrument, pilot testing and data analysis. The research design used for the work was explanatory research design. This was adopted to test causal relationship. Data used was mainly primary data collected through structured questionnaire. The population for the study was owners, managers and executives of MSME's within the Kumasi Metropolis in the Ashanti region. 400 respondents were conveniently sampled for the work and the number is representative enough. Analysis will be performed using SPSS and Stata.

3.2 Research Design

This section of the work was to help turn the stated research objectives into the research project (Robson, 2002). The research sought to primarily establish a causal relationship between CRM capabilities and the performance of an organization with a moderation role of the competitive intensity. For this reason, the explanatory research study was adopted as the design of the research. Explanatory research design generally establishes a causal relationship between variables, as such a good design to be adopted for the research. Also this strategy was appropriate because the study sought to examine the variations or differences between the independent variable (CRM capabilities) and the dependent or performance variables as a result of the introduction of a moderating variable or a third variable.

The research strategy adopted for the research was the survey strategy with mostly quantitative analysis. The survey strategy was adopted because the work collected large amount of data from a huge population taking into consideration the economic or financial impact on the researcher. Quantitative analysis deals with the gathering and analysis of data in a numeric format. It uses complex mathematical and statistical methods in analyzing and interpreting the data collected. Data that is analyzed quantitatively generally test theory deductively from a set of knowledge already existing by the development of hypothesis and proposed a priori assumptions.

3.3 Sources of Data

In research, there are basically two sources of data. These are the primary data and the secondary data. Primary data consist of data that has been collected purposely for the research being undertaken whiles secondary data is made up of data that already exist or has been used for the different purpose aside the work being conducted. The data used for the research was mainly primary data. The data was collected by using a structured questionnaires designed by the researcher. The questionnaires were distributed to the sampled respondents thus making it a primary source of data. Primary data is basically data that is gathered from an original source targeted towards the specific work being undertaken.

In gathering the data from the respondents, 4 individuals were given an orientation for a day in order to help in administering and collecting the questionnaires. They were trained by the researcher on the right attitude and skill to deploy in administering the questionnaires. They were given different places within the region to solicit for responses for the targeted respondents.

3.4 Population

The population of the study was the owners, managers and executives of small and medium scale enterprises in the Ashanti Region. Owner and managers were asked to provide information about their business as per the questions stated on the questionnaire distributed to them. The scope of the research mostly focused on MSMEs in the Kumasi metropolis in the Ashanti region. It was mostly realized that SME's in the region are similar or homogeneous thus justifying the decision to concentrate on the Kumasi Metropolis of the region.

3.5 Sampling size

The study adopted 400 owners and managers of Small and Medium Scale Enterprise in the Ashanti region as the sample size. A sample of 400 is considered large and appropriate enough because of the similarity or homogeneous nature of SME's in the region with majority operating in the informal sector. A similar work was done in the telecommunication industry in Pakistan by (Shafique et al, 2015) and they used a sample of 300. The sample size chosen for this work exceeds this number thus considered to be representative enough.

3.6 Sampling Technique

Convenience sampling technique was used in the selection of 400 SME's from the Kumasi metropolis. This technique was adopted due to the fact that most of the Micro, Small and Medium Scale Enterprises are not registered and are operating in the informal sectors of the economy thus assess to official information on them proved difficult. Due to this difficulty, it was problematic to select them from the official sources such as Ghana Business Directory or National Board for Small Scale Industry (NBSSI) or even the registrar generals department. The convenience sampling method was therefore the most appropriate probability sampling method that can be adopted for the research thus it was chosen. As part of the selection process in choosing businesses that qualify, the work adopted the definition of a micro, small and medium scale business by the NBSSI. As such businesses with staff strength from 1 to 99 were selected. Such businesses fall within the micro, small and medium scale business definition. In order to know this, managers and owners were asked of their staff strength.

3.7 Data Collection Instrument

The questionnaire was the main data collection instrument used for the research. Structured questionnaires were designed and all the variables excluding the demographic items were measured with a 5-point Likert scale. The CRM capability dimension was made up of Customer Knowledge Management, Customer Interaction Management, Customer Relationship Upgrading and Customer Win-back capability. Customer Knowledge management capability was made up of 3 items comprising of integrating customer information in new product introduction, using customers to test and evaluate products and studying customers actions and needs for introducing new products. CIMC was measured with 5 items made up of business meeting clients regularly and learning about their needs for a new product, business creating relationships with customers, business maintaining an interactive two way communication, having continuous dialogue, and maintaining relationships with key customers. The customer relationship upgrading capability was also made up of 4 items (measuring satisfaction frequently, encouraging clients to buy relatively expensive products, selling more of the organizations product, and extending share of market with high value customers). The capability of winning back customers was measured by 4 items made up of apologizing or compensating to clients when needed, reestablishing relationships with lost valued clients, taking corrective action when clients are unhappy, and maintaining positive relations with migrating customers.

Moderation was done using 5 items made up of (many firms offering products/services similar to that of the business, aggressive selling strategies by other firms in the market, competitors controlling very small market share in the industry, the industry attracting many new ventures, and difficulty for customers to find an alternative supplier).

Sales Growth, Profit growth, productivity growth, Net profit and Sales revenue were the items used in measuring the performance of the business over a 3 year period.

In designing the questionnaire, the researcher did not only rely on his intelligence in drafting it or designing it. The questionnaire was adopted from the works of (Shafique et al, 2015; Wang and Feng, 2008; Sofi, Bhat, & Rather, 2013; Krasnikov & Jayachandran, 2008). Inputs and corrections were made by some colleagues and lecturer friends with knowledge in the field of study.

3.8 Administration of Questionnaires

In order to speed up data collection, 3 friends and 1 family member were trained for a day to help in the administration of the questionnaires. The family member had a store at Adum, Kumasi so facilitated the distribution and collection in that area. The owners, Managers and executives were promised that the information they have provided will be used for academic purposes only as such strict confidentiality will be upheld. The researcher and the friends and family personally visited the firms in distributing and retrieving the questionnaires. In all, 470 questionnaires were printed and distributed. This was to ensure that we achieve 100% response rate or get closer to it. The family member distributed 70, friends distributed and 300 and the researcher also collected 100. Out of this number, 430 were retrieved and 400 selected out of this number. Some of the rejected ones were not fully answered. As such the work recorded a response rate of 100%

3.9 Pilot Testing

After the design of the questionnaire, about 50 owners and managers of SME's were given the questionnaire to fill. The purpose was to run a pilot test in order to test the reliability and validity of the designed questionnaire before the actual sample is distributed. Further improvement was made on the questionnaire after the pilot test in order to improve upon the reliability and validity of the questionnaire.

3.10 Data Analysis

Rigorous data analysis was done using Statistical Package for Social Sciences (SPSS) and Stata. Descriptive statistics was performed using SPSS for the demographic aspects of the work. Some analysis performed include Confirmatory Factor Analysis (CFI), Correlation analysis and Hierarchical Linear Modeling (HLM) Regression. The Stata software was used in presenting analysis on correlation and regression since it presents a more robust form of analysis thereby producing more accurate results and findings.

CHAPTER FOUR

ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter gives meaning to the data collected from the sample. Interpretations were also given to the analyzed data in this chapter. 400 responses were gathered given a 100% response rate. In all however, 470 questionnaires were distributed with the help of friends and family with knowledge in the study and 430 were retrieved. Out of this 400 were picked to represent the sample. The work made use of both Stata and SPSS as software for analysis. Some analysis conducted included; mean score analysis, correlation analysis, Confirmatory Factor Analysis (CFI) and Hierarchical Linear Modeling (HLM) standardized regression. The chapter presents data and analysis on the contribution of CRM capability to the dependent performance variable with competitive moderating. The various hypotheses were tested in this chapter too.

Table 4.1 Descriptive Statistics of Sample

	Proportion	Std. Err.	[95% Conf.	Interval]
Age				
18-25	.115	.0183533	.1239188	.1960812
26-30	.205	.0224781	.2358098	.3241902
31-45	.205	.022599	.240572	.329428
46-50	.193	.0171076	.1013677	.1686323
51-55	.165	.0153469	.0748292	.1351708
56-60	.118	.0092005	.0169125	.0530875
Gender				
Male	.495	.0250301	.4457927	.5442073
Female	.505	.0250301	.4557927	.5542073
Period				
< 1 year	.095	.0146791	.0661419	.1238581
1-3 years	.365	.0241017	.3176179	.4123821
4-6 years	.185	.0194392	.146784	.223216
7-9 years	.15	.0178759	.1148572	.1851428
10 years +	.205	.0202104	.1652679	.2447321
MS				
Married	.520	.0250301	.4457927	.5442073
Single	.480	.0250301	.4557927	.5542073
Type				
Manufacture	.09	.014327	.0618341	.1181659
Retailing	.425	.0247481	.376347	.473653
Wholesaling	.15	.0178759	.1148572	.1851428
Service	.335	.0236291	.288547	.381453
OME				
Own/Manager	.405	.0247088	.3714242	.4685758
Manager	.378	.0242997	.3322285	.4277715
Executive	.218	.020025	.1606322	.2393678

Source: Field survey 2016

The table represents the proportional or percentage representation of the demographic items of the sample with its Standard error and confidence intervals. The categories under the table are the age, gender, period of working in the organization, marital status, type of organization and the role of the respondent in the business. From the table, respondents between the ages of 18-25 have a proportion of 11.5% (46 respondents), 26-30 20.5% (82), 31-45 20.5% (82), 46-50 19.3% (77), 51-55 16.5% (66) and 56-60 11.8% (47). The standard error represents the accuracy with which a sample represents the population. From the figures, they all show high level of accuracy since the figures are small. The next category is the gender of the respondents. The males were 49.5% (198) and the females were 50.5% (202). The standard errors shows high accuracy because is small. The next category is the period with which the respondents have worked with their individual organizations. From the table, 9.5% of respondents (38) had worked with the business for less than 1 year. 36.5% (146) had worked with the organization between 1 and 3 years. 18.5% (74) had also worked with the firm between 4 and 6 years. 15% (60) had worked between 7 and 9 years and 20.5% (82) having worked for 10 years or more. With respect to the marital status of respondents, 52% (208) of respondents were married whiles 48% (192) were single. The next section is the type of business that the respondents are engaged in. the purpose was to see if it falls within manufacturing, retailing, wholesaling or the service sector. From the table, 9% (36) of the firms were into manufacturing. The majority of 42.5% (170) were into retailing, 15% (60) were also into wholesaling whiles 33.5% (134) were in the service sector. The last section on the table is the role played by the respondents in the firm. From the table, 40.5% of the respondents (162) were the owners and managers of the business. 37.8% (151) were managers of the business. 21.8% (87) were mostly sales executives in the business. In all the categories, the total respondents were 400.

Table 4.2 Descriptive Summary

Variable	Observation	Mean	Std. Dev.	Min	Max
CIMC	400	4.081667	0.793666	1	5
CKMC	400	3.983333	0.867592	1.666667	5
CWBC	400	4.0625	0.780299	1.75	5
CRUC	400	3.725	0.87538	1.5	5
CI	400	4.093333	0.647304	2.333333	5
PERF	396	3.572391	0.890064	1	5
period	400	3.005	1.311211	1	5
type	400	2.73	1.024561	1	4

Source: Field survey 2016

Table 4.2 reflects the descriptive summary of the customer relationship management capability dimensions, the competitive intensity, the performance and two control variables, (period in the business and the type of business). The table shows the mean, standard deviation, minimum and maximum indications. The table shows that Customer Information

Management Capability (CIMC) had a mean score of 4.08 and a std. dev. of 0.79, indicating that the sample on the average agrees to the items under the CIMC dimension and the individual responses are not very different from the mean score. This therefore means that managers, owners and executives of businesses are adequate with respect to managing the information it derives from customers in order to ensure higher service delivery. There was however disparity in the answers given since the minimum is one and the maximum is 5.

Customer Knowledge Management Capability (CKMC) had a mean of 3.98 or 4 and a standard deviation of 0.87. This gives an indication that the respondents agree to the items forming the dimension on the average. It also tells us that business owners, managers and executives are making effort with respect to the knowledge management of its clients.

Customer Win-Back Capability (CWBC) also had a mean of 4.06 with a standard deviation of 0.78 and can be explained similarly to the first two dimensions. As such businesses put in efforts to win back lost clients and engage dissatisfied clients in order to improve service delivery. Customer Relationship Upgrading Capability recorded a mean of 3.72 and a standard deviation of 0.86. The mean shows a neutral stance on the average with respect to the items forming the dimension.

Competitive Intensity recorded a mean of 4.09. The competition in the market is keen according to the owners and managers in the sector. The mean score gives an indication of a high level of competition in the MSME sector.

Performance recorded a mean of 3.57 and a standard deviation of 0.89. The mean shows an average performance comparing their planned performance and their actual performance in the past 3 years. This shows that business are not reaching their planned or estimated performance level but are maintaining a satisfactory performance level as such continue to remain in business. There is high disparity in the performance measures with a minimum of 1 and a maximum of 5 on a 5 point likert scale.

Table 4.3 Scale Reliability and Validity Tests

Measures		Factor Loadings	Cronbach's Alpha	Construct Validity	Highest VIF	AVE	Highest Correlation
CKMC	Item 1	0.6944946	0.8107	0.836	1.932	0.776	0.5298
	Item 2	0.8510737					
	Item 3	0.7790027					
CIMC	Item 2	0.8538013	0.7725	0.817	1.657	0.74	0.5151
	Item 3	0.6040163					
	Item 5	0.7373805					
CRUC	Item 1	0.7733379	0.8469	0.879	1.657	0.775	0.6858
	Item 2	0.8583396					
	Item 3	0.8394791					
	Item 4	0.6027293					
CWBC	Item 1	0.7017934	0.8601	0.878	1.879	0.784	0.6858
	Item 2	0.8453676					
	Item 3	0.8496728					
	Item 4	0.7256852					
CI	Item 1	0.7045649	0.600	0.689	2.031	0.578	0.4439
	Item 2	0.7251081					
	Item 4	0.327691					
PERF	Item 1	0.7628318	0.866	0.938		0.836	0.5669
	Item 2	0.9618218					
	Item 4	0.7688442					

Source: Field survey 2016

Table 4.3 shows the reliability and the validity of the dimensions and items used in addressing the set objectives. Confirmatory Factor Analysis (CFA) was performed to extract the right items under CRM capabilities, Competitive Intensity and Performance. The Cronbach's alpha scores for CKMC, CIMC, CRUC, CWBC, CI, and PERF are (0.8107, 0.7725, 0.8469, 0.8601, 0.600 and 0.866) respectively. Before arriving at these, the variables were modified several times as indicated by literature and all the items that were cross loading on others were removed in order to maintain the best items that fit. This gives an indication that the items under each dimension of CRM capability are reliable and shows good internal consistency. Also the items measuring performance are reliable as such measure the performance of the firms accurately. However the items measuring competitive intensity showed a relatively smaller Cronbach's Alpha though it is acceptable. The Factor loadings for all items measures are above .3 and thus accepted. The factors with loading below .3 were deleted. Construct validity also measures the extent to which a test measures what it claims it measures. The construct validity for CKMC, CIMC, CRUC, CWBC, CI, and PERF all indicates that the dimensions measures accurately what it intends to measure. The figure are (0.836, 0.817, 0.879, 0.878, 0.689, 0.938) respectively. The AVE figures represent the percentage of factor loadings explained and they are all higher than their correlation scores.

Table 4.4 CFA Results of Various Constructs

	chi-square	degrees of freedom	p-value	RMSEA	CFI	SRMR
CKMC	0	0	1.00	0.00	1.00	0.00
CIMC	0	0	1.00	0.00	1.00	0.00
CRUC	5.174	2	0.075	0.063	0.996	0.014
CWBC	2.171	2	0.338	0.015	1.00	0.009
CI	0	0	1.00	0.00	1.00	0.00
PERF	0	0	1.00	0.00	1.00	0.00

Source: Author 2016
Note:
CFI = Comparative Fit Index;
RMSEA = Root Mean of Square Error of Approximation;
RRMR=Standardized Root Mean Squared Residual

CFA was used to examine the convergent and the discriminant validities. For a construct that is good and acceptable, it is generally required that RMSEA should be less than 0.08, CFI must record 0.95 or more and SRMR must be less than 0.03. How good the constructs are can also be ascertained by calculating if the chi-square divided by the degree of freedom is less than 5. It is however recommended by literature (Newson, 2015; after Hu and Bentler, 1999) that using the chi-square divided by the degrees of freedom in testing for fitness is hard to get in situations where the sample is above 200 as such must be matched with other fit indices. As such basing on other criteria, it can be concluded that the CRM capability constructs, competitive intensity and performance are all valid and strong because all the fit indices fall within the acceptable or recommended points.

Table 4.5 Correlation Matrix

	period	type	CIMC	CKMC	CWBC	CRUC	CI	PERF
period	1							
type	-0.3317	1						
CIMC	0.3986	-0.1206	1					
CKMC	0.1164	0.0713	0.3875	1				
CWBC	0.2268	-0.0419	0.5151	0.5298	1			
CRUC	0.2731	-0.1034	0.4568	0.535	0.6858	1		
CI	0.1544	0.2256	0.3662	0.4439	0.427	0.3422	1	
PERF	0.1517	-0.0042	0.3743	0.3529	0.5669	0.4894	0.4496	1

Source: Field survey 2016

The table shows a correlation matrix of observed variables. The Pearson's product moment correlation was applied to calculate the magnitude and direction of associations between the observed variables. From the table, it is observed that overall there is a positive and significant relationship between all the variables and performance excluding period in the business and type of business which were non-significant. Comparing the variants of CRM Capability and performance, we find that Customer Win-back Capability has the strongest association with performance (0.5669). This was then followed by Customer Relationship Upgrading Capability (CRUC) with R= 0.4894. CIMC and CKMC followed with R= 0.3743 and 0.3529 respectively. Works conducted by (Srinivasan &Moorman, 2005; Morgan, Rebecca and Douglas, 2004, Wang and Feng, 2008) all gave an indication that CRM capabilities have a significant and a positive effect on performance as such the findings from the table is in line with other findings. It is also seen from the table that, competitive intensity (CI) has a significant and high association with performance (0.4496). Competitive Intensity again has a positive and a significant effect on all the CRM capability dimensions (0.3662, 0.4439, 0.427, and 0.3422) for CIMC, CKMC, CWBC and CRUC respectively.

Additionally, the results show from the table that there is a positive and significant intra and inter relationship among the CRM capabilities. This suggests that it is possible for a business entity to execute any combination of the observed CRM capabilities on one hand and then execute effectively either one or all the CRM capabilities to achieve its estimated or planned performance level.

An examination of association between the control variables and performance, we observe a small and insignificant negative effect between the type of business and performance (-0.0042). Likewise the performance did not vary significantly across period of working in the business. Though the relationship was positive, the effect on performance of period was small (0.1517).

HLM standardized regression results with bootstrap

	Baseline Regression Method					Bootstrap (20,000 resampling)		
	Model 1	Model 2	Model 3	Model 4	VIFs	Bias	95% Confidence Interval	
period	.169***	-.014	-.042	-.070	1.422	.000	-.114	.019
type	.052	.036	-.034	-.064	1.321	.001	-.134	.024
CIMC		.095**	.054	.122	1.951	.002	-.006	.290
CRUC		.178***	.178**	.167**	2.303	-.003	.040	.294
CKMC		.013	-.050	-.011***	1.774	-.001	-.118	.091
CWBC		.395***	.341***	.271	2.486	.001	.157	.464
CI			.260***	.230***	1.999	-9.025E-5	.173	.463
CIMC_CI				.162***	2.757	-.007	.030	.510
CKMC_CI				.186**	1.793	.008	.147	.439
CWBC_CI				-.352***	3.231	.005	-.683	-.283
CRUC_CI				.084***	3.424	.002	-.077	.374
R Square	.025	.349	.394	.449				
Adjusted R Square	.020	.339	.383	.433				
R Square Change	.025	0.324	0.045	0.055				
F-statistics	5.111***	34.660***	35.979***	28.350***				

*, **, *** denotes significant 10%, 5% and 1%

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.951	2	3.976	5.111	.006[b]
	Residual	304.916	392	.778		
	Total	312.868	394			
2	Regression	109.175	6	18.196	34.660	.000[c]
	Residual	203.693	388	.525		
	Total	312.868	394			
3	Regression	123.341	7	17.620	35.979	.000[d]
	Residual	189.527	387	.490		
	Total	312.868	394			
4	Regression	140.417	11	12.765	28.350	.000[e]
	Residual	172.451	383	.450		
	Total	312.868	394			

a. Dependent Variable: PERF

b. Predictors: (Constant), type, period

c. Predictors: (Constant), type, period, CKMC, CIMC, CRUC, CWBC

d. Predictors: (Constant), type, period, CKMC, CIMC, CRUC, CWBC, CI

e. Predictors: (Constant), type, period, CKMC, CIMC, CRUC, CWBC, CI, CRUC_CI, CKMC_CI, CIMC_CI, CWBC_CI

After observation of the relationship between the independent variables, moderating variable and performance, there is the need to attempt the usage of linear regression to explore the strength of the independent variables and the moderating variable (competitive intensity) in predicting the performance of the firms. The Hierarchical Linear Modeling (HLM) technique were used to explore the linkage between the control variables and performance, CRM capabilities on performance, competitive intensity on performance and how CI on CRM capability affects performance. In all four models were constructed; **model 1** captured the direct linkage of control variables and performance. In **model 2** the CRM Capabilities were added to the controls to explore how performance is affected. M**odel 3** shows how the moderating variable (Competitive Intensity) affects performance and **model 4** finds out how competitive intensity on the various CRM capabilities affects performance. The collinearity diagnostics performed on each variable confirms the absence of multicollinearity. Results of the VIF statistics are all below 10.

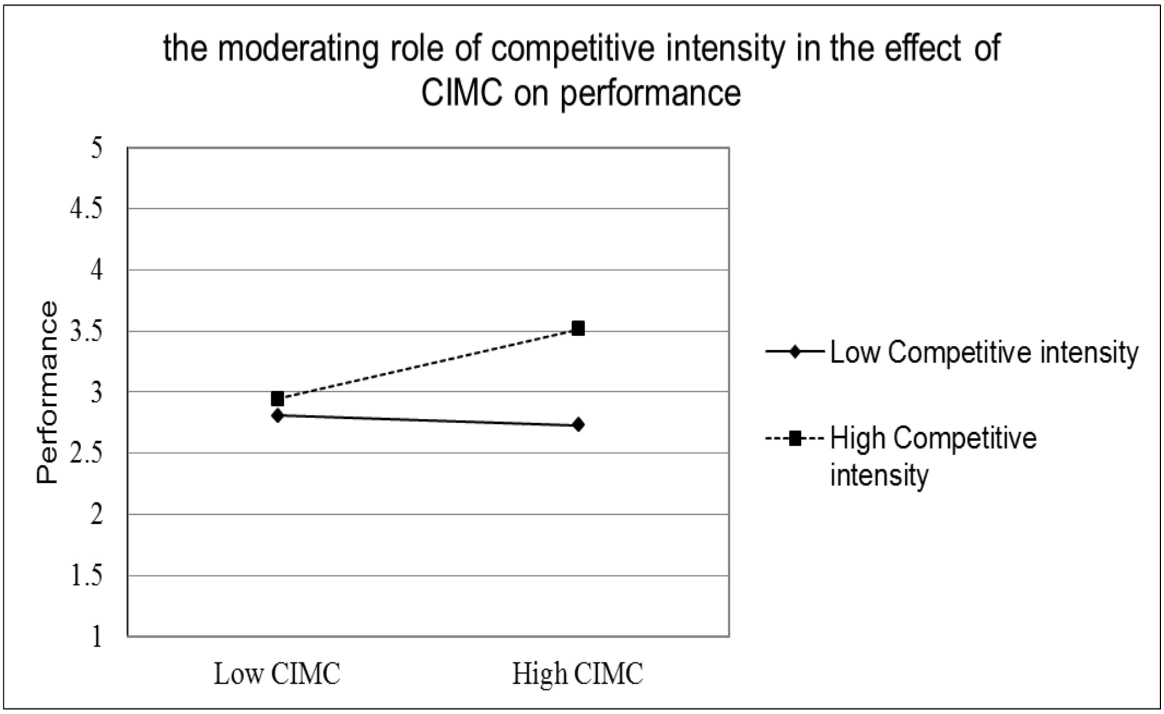
An examination of the R-square change in all 4 models gives an indication that, all the variables (control variables, CRM capability, Competitive intensity (CI) and CRM capability_CI) impacts strongly on performance. The R square change gives an indication of how each model predicts or contributes to performance. As such the control variables predict 25%, CRM capability predicts 32.4%, Competitive Intensity (CI) predicts 5% and CRM capability_CI also predicts 6% of performance. The F Statistics for all models (5.111, 34.660, 35.979 and 28.350) and the significance level all shows a very high significance level. Hypothesis 1 (HI) posits that Customer Relationship Management capability has a positive impact on organizational performance. With the R^2 Change of 32.4% between CRM capability and Performance, H1 is supported.

As indicated on the table, Model 1 captures the effect of the control variables on performance. The estimated standard coefficients were .169 for period and 0.52 for the type of business. . Standardized results show that the type of business do not have any significant impact on performance. On the other hand, the period with which the sample has been with the organization has a significant effect on performance. This result confirms the output obtained in the correlation analysis. Model 2 depicts the addition of the CRM capabilities to the control variables to explain variations in the independent variable. Results show that, the addition of CIMC (.095**), CRUC (.178***) and CWBC (395***) has a positive and statistically significant impact on performance. CKMC (.013) on the other hand was not significant. CWBC nevertheless had a stronger predictive power than CRUC. In model 2 however, the controls did not show any impact on performance. Hypothesis 2 (H2) posits that CRM capability has a positive effect on performance. Results show that CRM capability influences performance though one dimension was not significant. As such H2 is partially supported. In model 3, the competitive intensity was added to the previous variables in order to estimate the overall effect of independent and the moderating variable on the variations in performance. The result gives an indication that, after the introduction of the moderating variable, CIMC did not show statistical significance. CRUC and CWBC however showed statistical significance not very different from that of model 2 (.178** and .341***) respectively. Thus the two variables have a significant effect on performance after the introduction of competitive intensity. Also competitive intensity (.260***) has a strong and a positive effect on performance. The introduction of the moderating variable showed a significant change in the effect of CRM capabilities on performance. CIMC lost its significance after the introduction of competitive intensity. The impact of CRUC was maintained but its significance was statistically reduced (178*** to 178**). CWBC impact on performance was reduced slightly after the introduction of competitive intensity though still remained statistically significant. The introduction of competitive intensity explained 4.5% of the variance in firm performance, (R^2 change =0.045, $p<0.01$).

Model 4 explains the interactions between the moderating variable (competitive Intensity) and the CRM capabilities and how they individually affect performance. The interaction variable was introduced to test aspects of the hypothesis. It was posit in Hypothesis 3 (H3) that competitive intensity will positively moderate between CKMC and performance of MSME's. The result shows that the interaction between competitive intensity and CKMC is positively related to the performance of MSMEs in Ghana (B=.186, $p<0.05$). Thus H3 is supported. Hypothesis 4 (H4) posits that competitive intensity will positively moderate between CIMC and performance of MSME's. The results show that the interaction between competitive intensity and CIMC is positively related to firm's performance (B=.162, $p<0.01$). Hypothesis 5 (H5) posits that competitive intensity will positively moderate between CRUC and performance of MSME's. The results show that the interaction between competitive intensity and CRUC is positively related to firm's performance (B=.084, $p<0.01$). Thus H5 is supported. Lastly, Hypothesis 6 (H6) posits that competitive intensity will positively moderate between CWBC and performance of MSME's. The results however show that competitive intensity negatively moderates the relationship between CWBC and performance of MSMEs in Ghana (-.352, $p<0.01$). This is contradictory to the prediction as such H6 is not supported. The interactive variables together explains 6% of the variation in firm performance as indicated by the change in R^2 (0.060, $p<0.01$).

Interaction of Competitive intensity in determining CRM capabilities impact on performance

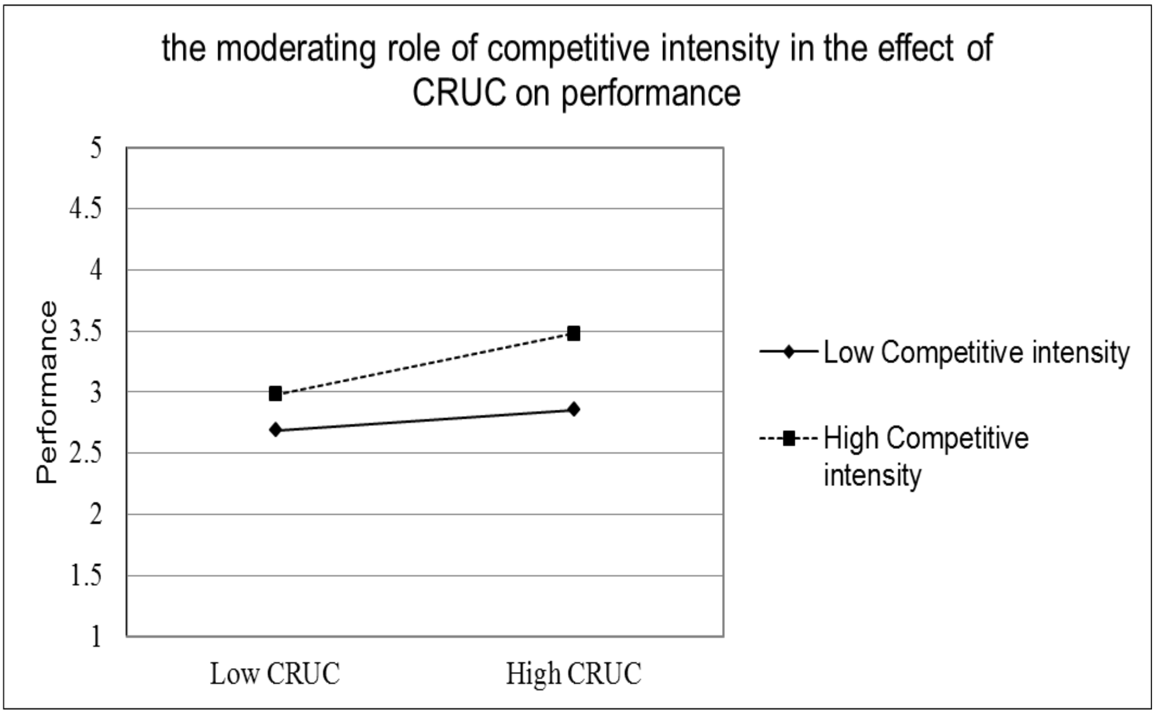
In order to determine the nature of the interaction, the relationships were plotted. To create the plots of the effects of CRM capability on performance, at different levels of competitive intensity, we followed the procedure suggested by Aiken and West (1991).



Source: Author, 2016

Figure 4.1 Moderating role of competitive intensity in the effect of CIMC on performance

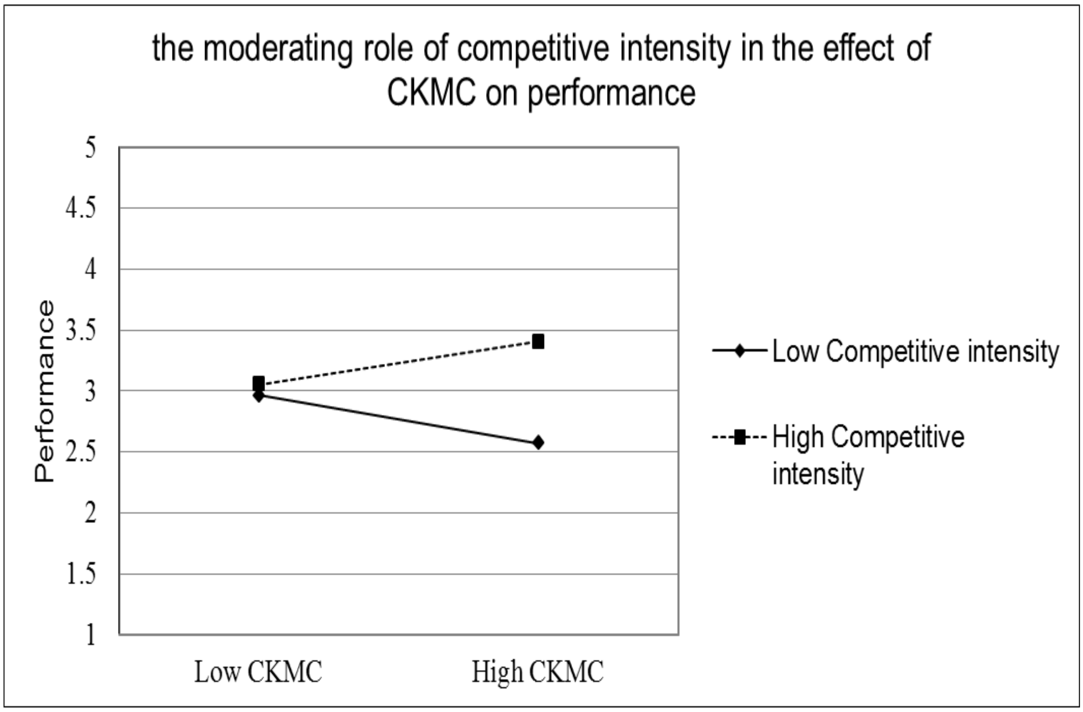
The figure reflects the moderating role of competitive intensity in the effect of CIMC on performance. From the figure, when competitive intensity is low, high CIMC reduces performance slightly. On the other hand when competitive intensity is high, high CIMC increases the performance of firms. The outcome is in congruence with H4 and thus indicates that competitive intensity positively affects the influence of CIMC on performance.



Source: Author, 2016

Figure 4.2 Moderating role of competitive intensity in the effect of CRUC on performance

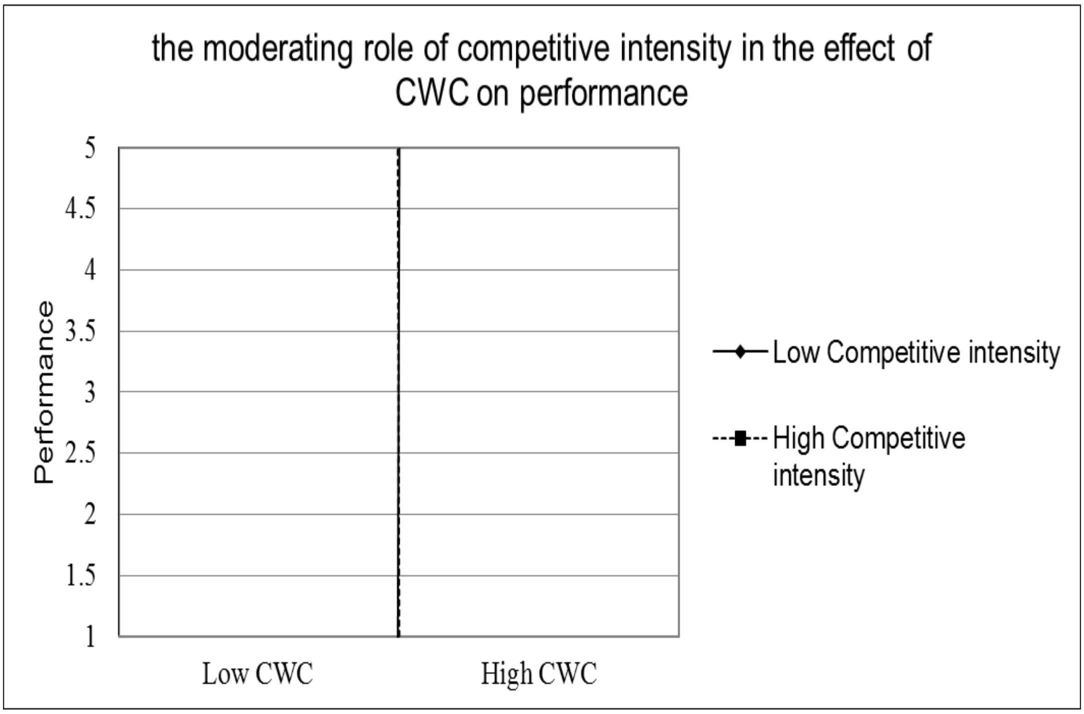
The figure is also in congruence with H5 which says that competitive intensity positively affects the effect of CRUC on performance. The figure gives an indication that higher competitive intensity ensured greater performance when CRUC is high. As such though competition may be high, a business that embarks on higher CRUC can increase performance.



Source: Author, 2016

Figure 4.3 Moderating role of competitive intensity in the effect of CKMC on performance.

The figure is also in congruence with H3 which says that competitive intensity positively affects the effect of CKMC on performance. The figure gives an indication that higher competitive intensity ensured greater performance when CKMC is high. As such though competition may be high, a business that embarks on higher CKMC can increase performance. On the other hand, when CKMC is low, profit drops in a high competitive market.



Source: Author, 2016

Figure 4.4 Moderating role of competitive intensity in the effect of CWC on performance

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings derived from all the objectives of the research as it appears in the work. It also presents a final conclusion of the work and mentions all critical areas touched by the work. Appropriate recommendations were also given to the various stakeholders.

5.2 Summary of Findings

CRM capability practices among Micro, Small and Medium scale Enterprises (MSME's)

From the results gathered, it was found from the research that, owners, managers and executives of the Micro, Small and Medium Scale Enterprises are in one way or the other practicing all the CRM capabilities although not fully and thus there is more room for improvement in order to ensure greater performance. It was seen from the mean scores of the CRM capability dimensions that, the dimension that is well practiced by the sample was the Customer Information Management Capability (CIMC). This item recorded the highest mean score as such reflecting higher agreement to the items. It was thus found that the businesses regularly meets customers to learn and know their current and potential needs, create and maintain relationship with customers, have continual dialogue with each customer and develop methods to improve relationship with customers. However more can be done by the businesses to improve upon this capability in order to gain more competitive advantage.

This was followed by the Customer Win-back capability. It was found from the research that, business owners, managers and executives apologizes or compensate in time for any inconvenience created to customers, reestablish relationship with valued lost customers take prompt corrective actions and maintain positive relationship with unattractive customers. It was also found from the research that the businesses are doing fairly well though not satisfactory enough with respect to the practice of Customer Knowledge Management Capability though much more has to be done to ensure that it achieves its full benefit of ensuring greater competitive advantage. It was however found from the research that the businesses are not ensuring the effective practice of Customer Relationship Upgrading Capability. The mean score gives an indication that the business owners and managers don't ensure or do not know much about up-selling and cross-selling.

Effect of CRM capability on organizational performance

Results from the correlation matrix conducted gave an indication that all the dimensions of CRM capabilities do have a positive effect on performance. From the table, Customer Win-Back Capability (CWBC) had the highest effect on performance of MSMEs. This gives an indication that a further improvement in the activities of CWBC can ensure a greater performance outcome. This was then followed by CRUC. Customer Relationship Upgrading also has a strong effect on the performance of firms. CIMC and CKMC followed respectively. They all show a positive effect on performance as such an improvement in all will ensure a higher performance.

The results of the HLM standardized regression results also measured the effect of CRM capabilities on performance. The results from the regression table confirmed that of the correlation partly by indicating that CWBC had a positive and significant effect on performance and also had the highest effect among the capability dimensions. This was then followed by CRUC with a positive and a significant effect on performance. The results of the correlation analysis also gave similar assertion by placing CRUC after CWBC. Similarly to the correlation matrix, CIMC followed showing positive and significant effect on performance. CKMC however did not have any significant effect on performance.

Competitive intensity and its effect on organizational performance in the MSME sector

It was found from the correlation matrix table that, Competitive intensity has a positive and a strong effect on the performance of firms. As such the intensity of competition can affect the performance of businesses. This outcome is confirmed by the outcome of the HLM standardized regression results. The regression table also gives an indication that performance is significantly and positively affected by the intensity of competition in the market.

Extent to which competitive intensity affects the role played by CRM capabilities in determining organizational performance

The work has shown that competitive intensity significantly affects the contribution of CRM capabilities in determining performance. A change of R^2 change from 0.324 to 0.045 shows a variation in prediction after the introduction of the competition intensity. This shows how competition intensity affects the variation in performance after the introduction of the 3rd variable.

On the individual dimensions, the introduction of competitive intensity affects the contribution of each CRM capability dimension. The significance of CRUC reduced after the introduction of CI (178*** to 178**) and the contribution of CWBC was reduced from .395 to .341.

5.3 Conclusion

The work contributes significantly because few works have been done on the topic across the globe. The research was conducted among Micro, Small and Medium Scale Enterprises in Ghana with the purpose of looking at their customer relationship management capability and how it influences performance with the intensity of competition as a moderating variable. The research sought to add to literature the outcome of CRM capabilities on performance whiles looking at the competition in the market. The findings in general is to help in long term decision making by MSMEs with respect to enhancing their CRM capabilities in order to gain competitive advantage and ensure sustainability by ensuring customer retention and new customer attraction. The study has brought to light how micro, small and medium scale enterprises knowingly or unknowingly practice the concept of CRM capability. The work shows that most firms in the category engage on some form of capability building with the aim of gaining competitive advantage. The work also brought to light how performance can be affected significantly by the activities of CRM capabilities and has given an assertion that greater CRM capabilities do ensure greater performance. Going further, competitive intensity was introduced to ascertain the variation it brings to the impact of CRM capabilities on performance. Its introduction brought out a variation in the performance level thus indicating that competitive intensity moderates the effect of CRM capability on the performance of firms in the MSME sector. The individual interaction between the variables of the CRM capabilities and competitive intensity was also looked at in the work with customer win-back capability witnessing a negative interaction whiles all others were positive.

5.4 Recommendations

It is recommended that, businesses should embark on building a stronger CRM capability since it has been established that it contributes significantly to performance. MSMEs in order to meet or possibly exceed their planned performance can in general put customers first in order to ensure greater knowledge about them to be able to satisfy their needs.

Business owners, managers and executives should pay greater attention to the competition in the market since it has proven that it can significantly affect the performance of businesses. The competition in the market can be a fertile ground to get closer to customers in order to gain competitive advantage that cannot be imitated.

Communication is a key concept in the improvement of customer relationship management and its capabilities. The way firms in the MSME sector communicates or shares information with its actual and potential customers can become a strong capability for the firm that is going to provide the business with greater competitive advantage. Formal or informal training on effective communication skills must be embarked on for the owners and managers of businesses. The academic community can be of immense help in this direction.

The customer relationship management and building a strong capability can only work and operate adequately when the customer is satisfied. As such the satisfaction of the customers should be the key aim of MSMEs and not only profit maximization. A company may have all the best capabilities in terms of CRM but if constantly the clients are not satisfied, the capabilities of the organization cannot keep them.

Another key recommendation is for owners and managers of businesses to build and make judicious use of their social networks and relationships to build and maintain customer loyalty in order to create higher market performance. This is an untapped area where businesses can use to gain competitive advantage.

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APPENDIX

QUESTIONNAIRE

This questionnaire seeks to gather data on the impact of Customer Relationship Management capabilities on the performance of SME's in the region with the competitive intensity as the moderating effect. Responses given will be used strictly for academic purposes only and will be treated with utmost confidentiality. Please answer the questions **sincerely and accurately** as possible. Please tick in the appropriate box provided for each possible question. Thank you very much for your cooperation.

Please indicate your level of agreement with the statements mentioned below by ticking in the appropriate box

1= strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

CRM CAPABILITIES

The questions below looks at the depth of customer relationship management capabilities that is available to your business.

SN	Independent Variable	1	2	3	4	5
	Customer knowledge management capability					
1	Customer information is fully integrated in new product introduction					
2	The business regularly use customers to test and evaluate new products					
3	The business study customers' actions and needs for the introduction of new products					
SN	**Customer Interaction Management Capability**					
1	The business regularly meet customers to learn and know their current and potential needs for new products					
2	The business is good at creating relationships with key customers					
3	The business maintains an interactive two-way communication with customers					
4	We have a continual dialogue with each customer and use well developed methods to improve our relationships					
5	We are good at maintaining relationship with key customers					
SN	**Customer Relationship Upgrading Capability**					
1	We measure customer satisfaction systematically and frequently					
2	We have formalized procedures for encouraging valuable customers to buy relatively expensive products (up-selling)					
3	We have formalized procedures for selling more of the organizations products (cross-selling)					
4	We try to systematically extend our "share of customers" with high-value customers					
SN	**Customer Win-back Capability**					
1	We apologize or compensate in time for the inconvenience or lost that we bring to customers					
2	We have a systematic process/approach to reestablish relationships with valued lost customers and inactive customers					
3	When we find that customers are unhappy with the appropriateness of our product or service, we take corrective action immediately					
4	We maintain positive relationships with migrating or unattractive customer on a regular basis					

(Competitive intensity)

The questions in this section look at the level of competition in the market.

SN	Items	1	2	3	4	5
1	There are many firms offering products/services similar to ours in the market					
2	Firms in the market are very aggressive in marketing their products/services					
3	Competitors control a very small market share in the market					
4	The market attracts many new organizations every year					
5	It is not easy for customers to find an alternative supplier offering same products					

Please rate your actual performance relative to the organizations planned performance in the past 3 years

Please tick in the appropriate box.

1= Much less 2= Less 3=Average 4= More 5=Much more

SN	Dependent Variables (performance measures)	1	2	3	4	5
1	Sales Growth					
2	Profit growth					
3	Productivity growth					
4	Net profit					

Demography of Respondents

1. Age: 18-25 [ ] 26-30 [ ] 31-45 [ ] 46-50 [ ] 51-55[ ] 56-60[ ]
2. Gender: Mala [ ] Female [ ]
3. Marital Status: Married [ ] Single [ ]
4. How long have you been operating the business?

Less than 1 year [ ] 1-3years [ ] 4-6years [ ] 7-9years [ ] 10 years and above [ ]

5. What type of business are you in?

Manufacturing [ ] Retailing [ ] Wholesaling [ ] Service [ ]

6. Which of the following applies to you?

(a) Owner-manage (b) Manager (c) Executive

7. How many people are working for this company? __________

THANK YOU