Customer Relationship Management Capabilities – Measurement, Antecedents and Consequences

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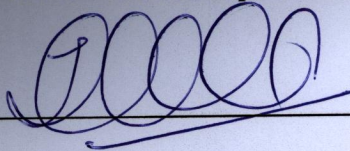## Customer Relationship Management Capabilities – Measurement, Antecedents and Consequences
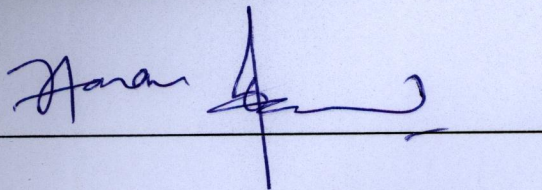
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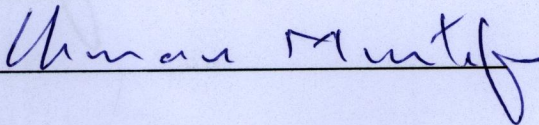
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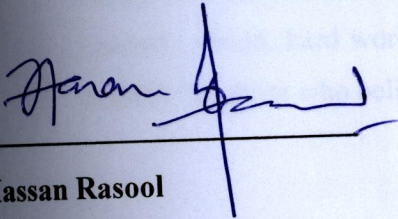Prof. Dr. Usman Mustafa

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DEDICATION

I dedicate this thesis to my parents and friends in recognition of their worth and to my teachers who are the guiding force for me and it is their effort and hard work that showed me the path of success and prosperity which would be there for me for the rest of my life. My, thanks to all those who have generously contributed their theoretical knowledge to this report including my teachers without their understanding and support, completion of this work would not have been possible. I hope people find this report useful and the subject matter adds to their knowledge.

"Keep your dreams alive. Understand to achieve anything requires faith and belief in yourself, vision, hard work, determination, and dedication. Remember all things are possible for those who believe."- Merlin Olsen

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Abstract

The purpose of this study to understand the current market trend and the use of the CRM capabilities which explains the current scenarios. For this purpose, the questionnaire is developed to understand the market and uses of the CRM in their daily operations and the benefits which they gain form that. As the scope of the study increase multiple other features include in it and more advances the studies. The differences of the international and local firm in their operation also understand from their CRM uses and market benefits. The understanding and nature of the market also advances the study by adding the other detail features. My study only gives the detail know how about the market in the twin cities of Pakistan operates and the organization present and working in this region whether local or international.

CHAPTER I

Introduction

The current environment and the conditions of the market being very tough to do business and gain more advantages over the customers. As the world is becoming the global village and due to this the perception of the customers also changes. Organization is fully based on the profit seeking and the main source which provide the profit is customer. Customer only go to purchase the product if it is fulfilling his need.

The organizations are now more inclined towards the customer orientation. In the older time organization are not so focus about the customer orientation. But as the world becomes the global village whole of the market dynamics are changed and there comes the shift in the perception of the companies (Makadok, 2001). Now the organization care so much about the customers.

The market is fully based on the customer and its need then how to get profit from them by fulfilling their needs through which advantages over the market and competitors is possible. The overall changes in the market dynamics, forces the organizations to adopt the new way. The overall change in the working and business environment the orientation towards the customer is much important. In all over the world every organization is fulfilling the need of customers and also for this purpose develop the special department.

Customer Relationship Management (CRM) the purpose of this is to engage with current market and customer needs. This research is conducting in Pakistan. Many multinationals are operating in Pakistan due to this reason they develop the CRM programs for the due to this the local organizations starts CRM programs. Firstly, the we have to understand the concept of the Customer Relationship management is the tools used by the companies to improve its relationship by using the technology and interaction with its customer and potential customers. As per this reason it is important thing which companies uses it but I am to check the current scenarios in the Pakistan regarding CRM.

This research is not only the CRM but it explains the term Customer Relationship Management Capabilities. Because the work on thee CRM is available but the work on the capabilities is not much that much available. In Pakistan work on the CRM capabilities is not available, the need of work regarding the CRM capabilities as many of the multinationals is in the market. So, the local industry is more likely to be in the competition with them for this purpose they have to use this in the organization of the profit. This research is also being done in the China. Using this in Pakistan that now companies uses the CRM as the important tool to get the advantages over the competitors because many of the multinationals operate in here. The basic data which I being gather from the top management of the organizations is that what is their perception about the CRM capabilities and how they interpret it.

CRM capabilities based on the multiple other terms which shows the overall scenario of the companies and how it being collected. The other terms are defined on the bases of the old literature. Because the capabilities are associated with the assets of the companies how the companies manage its assets (Jayachandran, 2005). The CRM capabilities show the road map of the organizations how they use the required terms of the definite circumstances and also their future stance.

For understanding the overall roadmap of this research, the main thing to understand the overall environment of the organization. In the environment of the organization the customers play the important role in it. For understanding the customers, the CRM is one of the major and important tool to do it. In CRM multiple things are associated with it. For checking the CRM capabilities develop a proper road map and terms and condition for it, through which the generalizability of the process is shown.

From the literature and other sources get know about the customer relationship management (CRM). Customer relationship management (CRM) is a framework of increasing customer interaction (Jayachandran, 2005). Customer is the major driving force for the companies to interact with the companies. It is also the assets of the companies because the all of the driving force for the company. It provides the information regarding customer its choices, preferences and profile (Day, 2003).

See the resources based view of the thing how market behave on the customer preferences and customer relationship. Because the customer are the assets of the company. This kind of knowledge also creates the knowledge about the firm and

competitive advantage. It defines some of the parameters of the competitive advantage. If we see the resource based view and the dynamic capabilities perspective we will identified that the gap between these resources and also from this check the firm performance.

All of the firms around the globe to put their investment on CRM, but if see the exact results nearly the seventy percent of the investment go to fail to produce any kind of results. For implementing the good results of the CRM companies have to develop the capabilities and strengthen their system to see the increasing benefits of CRM (Kotler, 1999).

This study addresses the gaps and also contribute in the literature in multiple ways. It gives knowledge about the CRM literature and contributes in it. Then increase the resource based view by developing the essentials models. Lastly, this type of research is being replicated in emerging economies to check the results.

For the extant view of the literature in the CRM capabilities. It is divided in three ways. First of all, the things are going to give the CRM literature by taking some CRM capabilities, also make a measurement model of CRM capabilities and from which recognize the resources to build the CRM capabilities (Reinartz, 2004). Secondly, enhances the extant studies in which the resource-based view from which check the quality of the CRM resources in the effective way to test the CRM capabilities. In the resources based view the data is being checked and see how it is being enhances the CRM capabilities by using the CRM resources (Day, 2003).

In the third step check the duplicating the detailed literature by checking the influence on the CRM capabilities and foresees effect on the performance in an emerging economy. For seeing the effects of the CRM capabilities is that it creates the detail diagram for the companies and the customer how the companies should operate (Kotler, 1999). The other features add in this research is performance, consequences and antecedent. These all show the link with the CRM capabilities in all the perspective of the research.

The road map of this research is as follow. Firstly, the theoretical background of the research what are important concept and their links with each other. Then develop the hypothesis between CRM capabilities, performance, consequences and antecedents. Further we will see the hypothesis testing the practical implication and its processes.

1.2 Research Objective

- To study the CRM capabilities and its consequences.

- To explain the antecedents through which we measure CRM capabilities.

1.3 Research Questions

- What is the scope of CRM capabilities?

- What are the antecedents of CRM capabilities and its outcomes?

- What is the impact of pervious literature on recent CRM capabilities?

CHAPTER II

Literature Review

The main detail of the article is that in which the discussion about the customer relationship management capabilities. In the capabilities, multiple things come in but my topic and scope is study main focuses on the measurement, antecedent and consequences.

For the literature which was reviewed in that multiple things and discussion are going on but if we focus on the resource based vies we can see that the checking of the data and the other multiple factors have the different sort of patterns (Barney, 2001). As CRM is becomes the important aspects for the organizations it contributes so much in the field so that the things go in smooth ways (Morgan, 2004).

CRM not only tell about the customer handling it explains each of the preferences and the profile of the customers. The profile of the customer is very much important to do it explains the choices, patterns of purchase and other multiple features. When discuss about the CRM other many associated features come in but if we see that more important features on which I am working is the CRM capabilities (Reinartz, 2004).

The knowledge about the customer relationship management is so much but still in less as according to the world. As the developed countries far more ahead in the utilization of the CRM capabilities and the developing nations are so much less according to the developed nations (Reinartz, 2004).

In this study I discuss the important gaps and takes part to extant the literature regarding the CRM capabilities (Reinartz, 2004). This study addresses the gaps and also contribute in the literature in multiple ways. It gives knowledge about the CRM literature and contributes in it. Then increase the resource based view by developing the essentials models. Lastly, this type of research is being replicated in emerging economies to check the results (Day,2002).

For the extant view of the literature in the CRM capabilities. It is divided in three ways. First of all, the things are going to give the CRM literature by taking some CRM capabilities, also make a measurement model of CRM capabilities and from which recognize the resources to build the CRM capabilities (Eisenhardt and Martin,2000). Secondly, enhances the extant studies in which the resource-based view from which check the quality of the CRM resources in the effective way to test the

CRM capabilities. In the resources based view the data is being checked and see how it is being enhances the CRM capabilities by using the CRM resources (Eisenhardt and Martin,2000).

In the third step check the duplicating the detailed literature by checking the influence on the CRM capabilities and foresees effect on the performance in an emerging economy. From this new verification is being developed for the dynamic CRM capabilities which shows the importance of the customer relating capabilities which shows in the competitive advantage of a firm (Barney, 1991) (Wernerfelt, 1984).

The resource-based view maintains the support of the competitive advantage the main body parts are valuable, infrequent, distinctive and non-comparable resources. The new kind of the dynamics capabilities is depending upon the resources of the necessarily the performance of the overtime. The capabilities that acquire by the firm these resources match the dynamic environment that defines the path of the competitive advantage (Eisenhardt and Martin,2000) (Makadok, 2001) (Morgan N. V., 2009) (Teece, 1997). The capabilities of the firm, skill and collected knowledge of the firm which is obtain, place and hold the resources for getting the higher performance (Day, 1994) (Morgan N. V., 2009).

The resources and capabilities are both different, the case of the resources they are stagnate but on the other side capabilities are depend on the skills and also depend upon the VRIN resources (Vorhies and Morgan, 2005). From the previous research shows the result that the high marketing capabilities have higher business performance (Day, 1994) (Vorhies and Morgan, 2005) (Krasnikov and Jayachandran, 2008). CRM is very dynamic function it is being spread in all of the department of the organizations to build and develop the long-term relationship with the customer (Payne and Frow, 2005) (Parvatiyar and Sheth, 2001).

Companies can get the higher level of the customer capabilities by using the organization culture which consider as the customer has the higher power, which is only based on the relationship building and information technology. For the higher and effective results, the companies have to develop the CRM project that is based on the customer orientation (Day, and Van den Bulte, 2002).

For seeing the results of the CRM, CRM capabilities are the basic function of the organization (Jayachandran, 2005). The achievement of the CRM results is based on

when the organizations structured its function on the bases of the customers to get the results and manages as the customer orientation (Day, 2000). The information technology is takes a major part in the CRM technology when both are focuses on the customer relationship (Srivastava, 1999).

For enhancing the business performance, the capability takes an important part to develop the firm's competitive advantage, and this all comes from the resource-based view which explain each and everything regarding the business performance, competitive advantage and capability (Barney, 1991) (Peteraf, 1993). Data which is available on the marketing capabilities shows that the companies using the stronger marketing capabilities as the brand management capabilities (Morgan, 2004).

2.1 CRM capabilities

CRM is diverse nature of process which envolves in each level of the organization for developing, sustaining and takes it in long run with potential and existing customers (Payne and Frow, 2005). CRM is dispersed in all of department of organization to gain the advantage and develops the relationship (Parvatiyar and Sheth, 2001). The only important thing remains for the organization is the relationship which is built between customer and organization (Kotler, 1999).

The CRM is further divided in the multiple small parts, for doing the detail and extensive work to set the mark on the mind of customers for the profit, establish business with customer for the mutual benefits (Srivastava, 1999). CRM capabilities allows the organizations to establish the suitable relationship with the profitable customers and develop their portfolios (Payne and Frow, 2005). CRM capabilities uses the double nature due to the creation of the value, the intuitive role of data and technology, for the purpose of differentiating the key customers and customer group for combining it at all levels to get the greater customer value (Boulding, 2005).

CRM capabilities is also the ability of the organization to work finding customer need and develop plan regarding that (Zablah, 2004). Finding the potential customers, establish relationships and made them profitable customer (Boulding, 2005). Important thing to do is locating attractive customers and develop the long-term relationship (Srivastava, 1999). Capabilities of CRM is the education related to

business which mainly performs the function of attracting the potential customer, building relationship and develop plan for them (Feng, 2012). CRM capabilities show that basic process of the knowing the customer needs, improving the needs with time and made profitable relationship for long-time (Zablah, 2004).

For developing the long term and profitable base, most important thing is the company and customer interaction, in this interaction is more effective due to the use of technology and especially the software's (Chang, 2010). The dynamic nature of the capabilities, allows the firms to develop and implement the new plans for the development of market and finding the assets for the firms in new ways (Teece, 1997). A capability of the CRM majorly shows in the CRM workings (Srivastava, 1999). For the clear picture of the CRM capabilities it is further divided into 3 items:

1. Customer interaction management capabilities.

2. Customer relationship upgrading capabilities.

3. Customer win-back capabilities.

The term customer interaction management capabilities are used as the set skills use for the finding, gaining and made long-term relationship with the customers (Wang, 2012). Customer relationship upgrading capabilities is describe as the selling things to the existing customer by use of the sell more expensive items, upgrades and sells additional products or service (Wang, 2012). Customer win-back capabilities is terms which explain how to regain the potential and profitable customer which is being lost and losing customer has the huge loss on the firm in long run (Wang, 2012).

2.2 Antecedents of CRM capabilities

Higher CRM capabilities is based on the system which is being follow in the organization which shows they consider the customer is integral part of the organization (Day, 2000). For creating the extensive nature of the customer-related capabilities the environment of the organization takes an important part in it which promotes this work (Day and Van, 2002). For getting the strong and important customer based is only possible from the use of technology which allows the information gathering and interpretation (Day, 1994).

The unrealistic use of the CRM implementation takes company to a downfall and creates loss that never be recovered (Rigby, 2002). The tools and process uses in the CRM is evaluated by the many of the educationist (Kohli, 2001).

2.3. Customer orientation

The effective results of CRM programs are based on the good use of the customer orientation (Jayachandran, 2005). The orientation related to customer is based the environment of the organization in which the norms, shared values and mental capabilities allows the organizations to put customer on top (Deshpande, 1993). The overall culture is it is based on the customer orientation it helps the organization to put customer interest first (Day and Van, 2002). For the successful use of the CRM activities is only possible when the organization implement the customer orientation (Day, 2000).

Use of customer orientation takes the organization to gain the advantage in the market and surpass other competitors (Day, 2000). The CRM is strengthened due to capabilities of CRM and due to which the overall performance of the organization increases (Wang, 2012). Effective orientation regarding the customer is only possible when the capabilities and are also high and for maintain the sustainable competitive advantage (Wang, 2012). Customer orientation is built on the bases of the strong CRM methods and programs are used (Kellen, 2002). The important component of the company is the use of the effective CRM programs (Chen, 2003).

The important use of the software in the CRM advances the customer orientation and elaborates the needs of the customer (Kellen, 2002). The relationship of the CRM is conducted on the bases of the culture of the organization (Sheth, 2000). The connectivity between the relationship marketing and CRM is interchangeable (Parvatiyar, 2001). CRM main focus is on the important customers (Christopher, 1991). The use of the technology in CRM is great advantages but the limited uses of technology leads to downfall (Kale, 2004). The definition of the CRM which shows the customer orientation is consider is more important acceptable in every circle (Rigby, 2002). The one of the most important definition of CRM is consider in which the customer orientation is main perspective (Yim, 2004).

One thing which is shows from the concept of CRM that is focuses on the key customer (Gummesson, 1999). Database is integral part in the CRM (Krauss, 2002). As CRM is focuses on the customer needs and perceptions and it is considered as the important part of the businesses now a day (Sin, 2005).

2.4 Customer-centric organizational system

The CRM capabilities are strongly merge with the systems of the organization and its system (Srivastava, 1999). For the effectiveness of the CRM programs is based on the already implemented activities and structure and its collectiveness (Boulding, 2005). Major work which the firm used to do is the how much its existing programs and activities are mix with its operations (Wang, 2012). This process is only achieved when the organizations are based upon the customer needs and its system is based on the customer orientation (Day, 2003).

More effective results are also seen when the employees are awarded who perform good in the field of CRM related activities (Day, 2003). The term customer-centric organizational system is based on the multiple things which associated on the information sharing, removing the financial issues and fully depend upon the customer-centre options (Wang, 2012). For getting full advantage of the customer-centric organizational system is depend on the other multiple things which enhances the organizational system that is sharing of customer information, look after the financial barriers, uses the customer-centre approach to manage the long-term relationship and growing with them (Wang, 2012).

Organizational systems are defined as the conventional and non-conventional tools to control the knowledge (Day, 1994). Customer-centric organizational system is the system the structure and every process is related and focuses on the customer, and importance for the customer not on the company and its functions (Day, 2000). Customer-centric organizational system allows the firm to focuses on the interaction of the organization with the customer (Tuleu). Organizational system which is link with the customer allows the departments of the organization is used to develop the higher customer experience (Tuleu).

The organization which uses the customer-centric systems, made structure regarding the customer approach have the higher bend towards the customers (Jayachandran,

2005). The customer-centric organization systems are integrated all the customer related work which increases the value for the customer (Sheth S. S., 2000). The customer-centric approaches increase the productivity by concentrating on key customers (Reinartz, 2004). CRM process is interpreting as the customer-facing level (Reinartz, 2004). Customer-centric organization systems is concentrate on the long-term and profitable relationship (Reinartz, 2004).

2.5 CRM technology

The CRM technology is tools or system implements for the effect management of the customer relationship (Reinartz, 2004). The technology application is based on the main office which helps the sales, marketing and the services area like data storing and application which combines and interpret the data about the customer (Yonggui Wang, 2012). The organizational ability is being improved by using the CRM technologies (Yonggui Wang, 2012).

The organizational abilities are improved from the use of the technologies which helps them to gather, process and interpret data for better customer relationship (Yonggui Wang, 2012). The technology is used in CRM improved and enhances the capabilities related to the customers (Day, 2003). Technologies which are effective in the use and also provide and interactive setting for customer and firms is great assets of the firms (Varadarajan R., 2010). The use of the latest technology such as the social media also increase the customer interaction (Trainor., 2012). Social media is used as the new and important tool in CRM technology that which is used for the engaging the customer (Kietzmann J. H., 2011).

The important CRM interactive technologies such as LinkedIn, Facebook, Twitter are good tools for the engaging the customers through this network (Trainor., 2012). The communication system important in now a day is the social media which collaborate the stakeholders and the customer (Peters K., 2013). Social media is an important tool which enhances the customer generated content (Kaplan A. M., 2010).

2.6 Consequences of CRM capabilities

The Resource Based Value (RBV) is explain that the capabilities are being used in CRM to enhance the performance of the business and increases the competition and competitive advantage (Peteraf, 1993). For increasing the capabilities of the CRM, develop the organization working capability and also advancement in competitive edge (Barney, Firm resources and sustained competitive advantage, 1991). The constant change in the abilities of the organization (Teece, 1997). The changing environment requires the ability to be dynamics in nature of understanding the scenario (Hunt, 1995).

From the sources available, CRM capabilities have to ability to possess the higher standard in the market and also in organization environment (Morgan N. S., 2004). From the previous sources it is ensure that the capabilities regarding CRM, increases the capabilities in term of management, marketing and brand (Day, G.S. and Van den Bulte, C., 2002).

The increase in the CRM capabilities increases the higher financial performances (Krasnikov, A. and Jayachandran, S., 2008). Having the benchmark in the CRM capabilities allows the firm to gain the benefits in the superior customer value, achieving the large customer base in terms of loyalty and competitive advantage (Day, 2003).

The specialized CRM capabilities allows the firm to receive the in time and precise future prediction of the needs of customers (Wang, 2012). The firm which process these specialized CRM capabilities allow the firms to react fast against the needs of the customer and also in development of the products (Wang, 2012).

Studies show that successful CRM helps firms to get the increases in its earnings by 270 per cent in its business units (Ryals, 2005). The increase in the firm's profits will increase the firms value in the stock prices (Fornell, 2006). The increase on profits will also help in the achieving the customer loyalty and customer satisfaction (Anderson, 2004). The investment made in the field of the CRM will not be go in loss, it will give the benefits and show the effect results (Rigby, 2002). The calculated highest result in the successful CRM is 65 per cent (Rigby, 2002).

CHAPTER III

Methodology

3.1. Hypothesis and theoretical framework

To get the information about the competitive advantage of the firm and its sustainable growth in the industry the Resources Based View (RBV) will help to understand (Porter, 1985). The information which is given by the RBV regarding the sustainable competitive advantage is being based on the important, unique and unusual resources (Wernerfelt, 1984). The roots of the RBV is based on the uniqueness and also based on the advantages that explains the uniqueness, basic and special to use in it (Barney, 1991). The major debate is going on the bases of the how resources are being located to see the dynamics of the markets and utilizing in the dynamic market, creates the match (Priem, 2001).

The value is explaining by the roots of RBV that is valuable, rare and inimitable resources (VRIN) this always not possible to increase the overall growth of the firm, the capability of the firm is increase from matching the firm capabilities with the changing scenario of the market and due to this which establish the lead the market and made the sustainable competitive advantage (Eisenhardt and Martin, 2000). For achieving the overall competitive advantage, the main to understand the RBV and detail of VRIN which not only gives the advantage of the lead the market but for that purpose matching the capabilities with the dynamic environment (Makadok, 2001). The multiple firm have to use the capabilities to engage with the current market trends and its information which is following around the knowledge which is important (Morgan, 2009). The capabilities of the firm use present inside the organization which allows them to match up with the activities more effectively (Day, 1994).

The difference between the capabilities and resources that the resources are main stagnate and always there in the firm but on the other side the capabilities are the skill set and which is part of the firm that is detail process which is based on the VRIN so it is always dynamic (Vorhies and Morgan, 2005). Every firm's capabilities are being different from others firms, due to the reason only relation are show by the processes and daily work of the developing customer relationship management as the

competitors (Bingam, 2007). Every firms have its own capabilities and skills which is only related on the processes and routine work only to perform the increase the competitive advantage (Ethiraj, 2005). The capabilities are important, unique and tough to remove from the organization which can build the sustainable competitive advantage (Day, 1994).

The previous literature is shown that the firms that have the higher marketing capabilities must have the higher business performance (Krasnikov and Jayachandran, 2008). The higher business performance is based on the capabilities of the firm regarding the marketing activities (Vorhies and Morgan, 2005). The most important marketing capabilities, which relates and based on the customer-related capabilities which take forward the firm to the extent which creates the customer relationship resources and sustainable competitive advantage (Day, 2000). CRM capabilities increases the performance of the firm by mixing and collaborating the valuable resources which are customer orientated culture, customer-centric organization system and CRM technology (Wang, 2012).

Figure 1 Research Model of CRM Capabilities
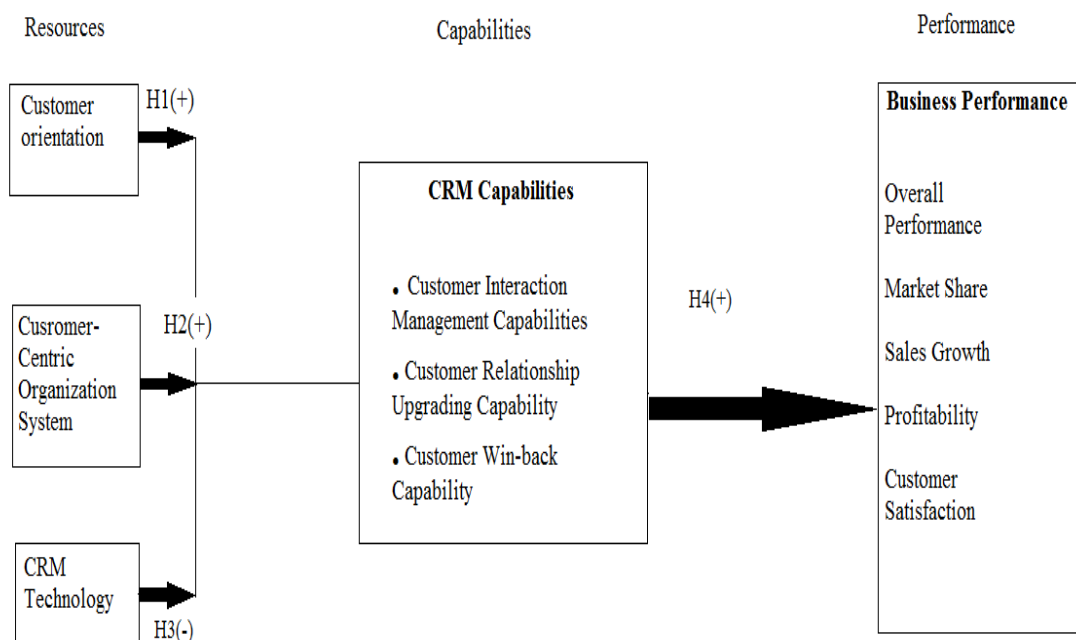
This model is used to see the interlink the aspects of the CRM which are the resources, capabilities and performance. Customer orientation is explaining as the how-to firms made its setup to grow in the market by using the perspective of the customer orientation and its nature. The using of the program in customer orientation leads the way to gain competitive advantage (Jayachandran, 2005). The things involve in the customer orientation is the values which are based on the customer and everything in the firm shared values, norms and culture support it (Deshpande, 1993).

H1. Customer orientation has a positive association with CRM capabilities.

Customer-centric organizational system evolves around the systems which are used in the organization based on the satisfaction of the customer and also to retain them. For superior CRM capabilities is based on the how much it is intact with the systems of the organization (Srivastava, 1999). To see more efficient results in the field of the CRM, the employees who performs excellent is being awarded to increase it (Day, 2003).

H2. Customer-centric organizational system has a positive association with CRM capabilities.

The use of technology is basic necessity in every field in current environment, the same case with the CRM as the time progresses the multiple new CRM technology is being used. The technology is situated in main offices which collects the data from every department and interpret it (Wang, 2012). Latest technology which is being used in the CRM field is social media it helps the companies to engage the customers (Kietzmann, 2011).

H3. CRM technology has a negative association with CRM capabilities.

CRM consequences are always being right and they give the benefits to firm in term of profits and competitive edge. If the firm possess the higher competitive advantage its helps them to gain the higher financial performance (Morgan, 2004). The updated and highly advance CRM allows to firms to get the information on time and exact information which can use for the future vendors (Wang, 2012).

H4. Stronger CRM capabilities lead to improved business performance.

CHAPTER IV

Data Analysis

This research is conducted first-time in Pakistan. The recent advancement happened in Pakistan, allows international firms to come in Pakistan and starts their operations. It threatens the local industry, to safe local industry the development in the field of the CRM will help them to understand the current industry and its requirement and this survey help them in it. This research is based on three stages.

Firstly, understanding the Pakistani environment, and how the global changes effects Pakistan. After that changing environment happens it changes the perception of customers. Due to which the thinking patterns and the ability of the customer to understand the company and its procedure changed. The customer now compares the local firm product with international industry, he/she sees every aspect of the product mainly the customer relationship of the company. The main focus which international firm established is the relationship between the customer and firm.

From this the term derived Customer Relationship Management (CRM). Now the firm uses this term and it is embedded by the top management of the companies because the they develop the overall culture of the organization and activate this term. The top management helps them to establish a sustainable environment for the customer and starts building up the long-term relationship with the customers.

Data which is being collected by the firm's top and middle management. In the Pakistani scenario the decision is made by the top management but concerning with the middle management, because the middle management have more knowledge about the ground reality. For understanding the current environment, data is being collected from both the top and middle management.

In the second stage, the detail and excessive literature is being read and understand the scenario of CRM. The CRM is very common but very detailed term the main bases of the firms are fully depend on the CRM utilization. To understand the current environment and its every aspect is available from the detail review of the literature available. The literature shows how to measure, interpret and sees the results of effective and ineffective CRM. The CRM capabilities are an important part for the organization to understand the abilities and consequences for not using it. It also helps

to established the questionnaire and its detail work how to interpret it and conclude the results.

The data is being collected form the top and middle management available in the Rawalpindi and Islamabad. The main using of these two cities that majority of the international and local firms head offices are located in this area. So, majority of the decision are made by the head offices which are located here and decisions are taken from this area.

The questionnaire is made on the google docs and send the link to the all the international and local firms which are present in Rawalpindi/Islamabad. The total sample size is 258.

Table 1 Cronbach's Alpha test of data

4.1 Data Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.899	.894	5

The Cronbach's alpha test is conducted to check the reliability of model. In this model the value of Cronbach's alpha coefficient is 0.899 which is greater than the 0.75. This result indicates that all the items has high internal consistency throughout the model.

Table 2 Correlation matrix

		CO	CCOS	CRMT	CRMC	BP
CO	Pearson Correlation	1				
		258				
CCOS	Pearson Correlation	.832**	1			
		.000				
		258	258			
CRMT	Pearson Correlation	.707**	.799**	1		
		.000	.000			
		258	258	258		
CRMC	Pearson Correlation	.766**	.828**	.691**	1	
		.000	.000	.000		
		258	258	258	258	
BP	Pearson Correlation	.342**	.512**	.333**	.460**	1
		.000	.000	.000	.000	
		258	258	258	258	258

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

CO- customer orientation

CCOS-customer-centric organization system

CRMT-customer relationship management technology

CRMC-customer relationship management capabilities

BP-business performance

The Pearson correlation analysis is used to measure the strength and the direction of linear relation between the variables. In this model bivariate correlation is used to measure the correlation among the pairs of the variables. The Coefficient value of CCOS is r= 0.832 which is greater than the 0.5 which indicates the strong relation among the CCOS and the CO. similarly the r value of CRMT is 0.70 & 0.799 which is also greater than the 0.5, ageing show the strong relationship among CRMT with CO & CCOS respectively.

Likewise, the value of r is 0.766, 0.828 & 0.691 of CRMC among with CO, CCOS and CRMT respectively which also show the strong relationship of variables. In the end the coefficient value of BP is 0.342 which is smaller than the 0.5 it shows the moderate relationship among BP and CO because it has the slight change, the value of r is 0.512 which is equal to 0.5 show the strong relationship among BP and CCOS, the value of r= 0.333 which shows again the moderate relationship among the BP and CRMT and the value of r= 0.460 which has slight difference than the 0.5 also indicate the moderate relationship among BP and CRMC.

Table 3 Model Summary of Correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.840[a]	.706	.702	.27331	.706	203.238	3	254	.000

a. Predictors: (Constant), CRMT, CO, CCOS

b. Dependent Variable: CRMC

The model summary of this study represents the value of R and the R square, where R = 0.840 represent the simple correlation which indicates the high degree of correlation. The R square = 0.706 which is 70.6 % which show the independent variable can be described by the dependent variables and in this case, it is very large.

Table 4 ANOVA Analysis

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.546	3	15.182	203.238	.000[b]
Residual	18.974	254	.075		
Total	64.519	257			

This table indicates the Anova analysis of linear regression which indicates that dependent variable is significantly well. The significant value of regression model is 0.0005 which is smaller than the 0.05, indicates that the regression model is significantly predicts the outcomes variable.

Table 5 Correlation Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	.273	.163		1.676	.095					
CO	.259	.067	.241	3.890	.000	.766	.237	.132	.302	3.308
1 CCOS	.592	.074	.585	8.027	.000	.828	.450	.273	.218	4.580
CRMT	.050	.052	.054	.950	.343	.691	.060	.032	.356	2.809

a. Dependent Variable: CRMC

Table 6 Model Summary of data

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.545[a]	.297	.288	.24906	.297	35.687	3	254	.000

The model summary of this study represents the value of R and the R square, where R = 0.545 represent the simple correlation which indicates the degree of correlation. The R square = 0.288 which is 29.7% which show the independent variable can be partially described by the dependent variables and in this case, it is very low.

Table 7 Model Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.641	3	2.214	35.687	.000[b]
	Residual	15.755	254	.062		
	Total	22.396	257			

Table 8 Coefficient of CRMC

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.771	.148		11.952	.000					
	CO	-.157	.061	-.248	-2.591	.010	.342	-.160	-.136	.302	3.308
	CCOS	.515	.067	.864	7.668	.000	.512	.434	.404	.218	4.580
	CRMT	-.098	.048	-.182	-2.063	.040	.333	-.128	-.109	.356	2.809

4.2 Hypothesis testing

Table 9 Coefficient of hypothesis

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.273	.163		1.676	.095
	CO	.259	.067	.241	3.890	.000
	CCOS	.592	.074	.585	8.027	.000
	CRMT	.050	.052	.054	.950	.343
a. Dependent Variable: CRMC						

Table 10 Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.741	.135		12.852	.000
	CRMC	.271	.033	.460	8.286	.000

a. Dependent Variable: BP

For testing the hypothesis, we focus on the beta values to see how much it is being accurate and influence the other variable and show impact.

Table 11 Hypothesis Results

Hypothesis Path	Hypothesis	Purposed Direction	Standardized Path coefficient	Overall Finding
CO-CRMC	H1	+	0.241	H1 Supported
CCOS-CRMC	H2	+	0.585	H2 Supported
CRMT-CRMC	H3	-	0.054	H3 Supported
CRMC-BP	H4	+	0.460	H4 Supported

H1. Customer orientation has a positive association with CRM capabilities.

According to our beta values which we see that CO influences the CRMC and results shows that it has positive impact. So, this hypothesis(H1) is accepted.

H2. Customer-centric organizational system has a positive association with CRM capabilities.

According to our beta values which we see that CCOS influences the CRMC and results shows that it has positive impact. So, this hypothesis (H2) is accepted.

H3. CRM technology has a negative association with CRM capabilities.

According to our beta values which we see that CRMT influences the CRMC and results shows that it has negative impact. So, this hypothesis(H3) is accepted.

H4. Stronger CRM capabilities lead to improved business performance.

According to our beta values which we see that CRMC influences the BP and results shows that it has positive impact. So, this hypothesis(H4) is accepted.

Table 12 Sobel Test of CRMC

Test Statistics	Standard Error	p-value
3.49754426	0.02006808	0.00046956

As the test statistic=3.49 and p value=0.00046 and for the significance p-value should be p<0.001 so this test significant. The Sobel Mediator Test was insignificant. It means that the mediator CRMC significantly explained that the BP were determined by the CO with help of mediator (CRMC).

Table 13 Sobel Test of BP

Test Statistics	Standard Error	p-value
0.95561435	0.01418827	0.33957044

As the test statistic=0.955 and p value=0.33 and for the significance p-value should be p<0.001 so this test insignificant. The Sobel Mediator Test was insignificant. It means that the mediator CRMC insignificantly explained that the BP were not determined by the CCOS with help of mediator (CRMC).

CHAPTER V

Results and Discussion

The results which are obtained from the research shows that the effective opportunity for the companies to use the CRM. The main reason is that CRM is the integral part of the companies to implemented and use for their purpose to earn profit as considered as the important part like production and services. In Pakistan the technology is not so much in use in term of the relation with the customer form this it shows that it is not the integral part of the CRM.

But in other countries is considered as the main factor to collect the data and built up the relationship with the companies to gain the advantages from the customers. The results show that now a day's companies start to implement the CRM department (Kietzmann, 2011). The term Customer Relationship Capabilities is based on the multiple other capabilities form that bases the exact know how is developed CRMC which show what should companies should attain and how would it give the benefits (Kotler, 1999). After seeing the results, the idea was developed the companies is using the CRM as import root of the company but not as much important as the basic part.

The CRM provides the detail about the operations and its product stature in the market and develop the system to retain the customer. This factor is so much important to provide the full diagram of the way how to gain the advantages and understand the current market (Wang, 2012). The less effect which was not good in case of the CRM that is the very low use of the technologies which are related CRM. The technologies are using in this field but the firm which are using these are the multinational but some local firm are using this.

From this research we got to know that CRM is integral part and for implementing it in the right way is to understand every circumstance of the CRM and its capability (Kietzmann, 2011). What is more important for the organization to do in all of capabilities to implement. These capabilities are the develop on the daily operation by using the employee's motivation, organizational systems, future orientation and customer orientation. All of this result is based on the effective business performance and intelligent market knowledge (Wang, 2012).

These are all general capabilities to use but sometimes the organization to organization varies some new capabilities comes in and established the new circumstances in it. The CRM capabilities are the establish benchmark for the organization to conduct its operation and which shows in the results how much it is important for the companies to implement and study it (Kietzmann, 2011). Conducting these kinds of research tells about the current path and tells about the recent scenario of the companies.

5.1 Future Implications

The CRM is the future in world as well as in the Pakistan. But for conducting these kinds of research the data is collected from both the local and international industries. This shows the difference of the scenarios of the market one is implemented by the international and local firms. The two opinions create more detail and elaborated and practical scenario of the market. Form the previous studies these thing shows that the difference in the market environment of every country influences the type of strategies adopted by firms for the effective business performance. As in my research it shows the negative impact of technology but as of the different scenario and detail in every market.

But in the data collection the data is only taken from the key informant to develop the accurate and detail view about the current scenario and their knowledge. The market study is more important to understand the overall scenario of the market. Which show the latest and more new variables and terms to include. For more extensive and detail research to do, the industry is also differentiated so each industry is also show how they work and uses CRM.

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Appendix:

Organization: Public/Private

Name: _____   Designation: _____

(CIMC1) We regularly meet customers to learn their current and potential needs for new products

 a) Much worse than competitors.

 b) Worse than competitors.

 c) Same as competitors.

 d) Better than competitors.

 e) Much better than competitors.

(CIMC2) We are good at creating relationships with key customers

 a) Much worse than competitors.

 b) Worse than competitors.

 c) Same as competitors.

 d) Better than competitors.

 e) Much better than competitors.

(CIMC3) We maintain an interactive two-way communication with our customers

 a) Much worse than competitors.

 b) Worse than competitors.

 c) Same as competitors.

 d) Better than competitors.

 e) Much better than competitors.

(CIMC4) We have a continual dialogue with each customer and use well- developed methods to improve our relationships

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CIMC5) We are good at maintaining relationship with key customers

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CRUC1) We measure customer satisfaction systematically and frequently

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CRUC2) We have formalized procedures for up-selling to valuable customers

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CRUC3) We have formalized procedures for cross-selling to valuable customers

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CRUC4) We try to systematically extend our "share of customers" with high-value customers

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CWBC1) We apologize or compensate in time for the inconvenience or lost that we bring to customers

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CWBC1) We have a systematic process/approach to re-establish relationships with valued lost customers and inactive customers

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CWBC1) When we find that customers are unhappy with the appropriateness of our product or service, we take corrective action immediately

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CWBC1) We maintain positive relationships with migrating or unattractive customer on a regular basis

    a) Much worse than competitors.

    b) Worse than competitors.

    c) Same as competitors.

    d) Better than competitors.

    e) Much better than competitors.

(CO1) In our organization, retaining customers is considered to be a top priority

    a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CO2) Our employees are encouraged to focus on customer relationships

    a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CO3) In our organization, customer emphasizes the importance of customer relationships

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CO4) Our senior management emphasizes the importance of customer relationships

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CCOS1) In our organization, employees receive incentives based on customer satisfaction measures

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CCOS2) In our organization, business processes are designed to enhance the quality of customer interactions

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CCOS3) We focus on customer needs while designing business processes

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CCOS4) We organize our company around customer-based groups rather than product or function-based groups

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CCOS5) In our organization, various functional areas coordinate their activities to enhance the quality of customers' interactions

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CRMT1) We invest in technology to acquire and manage ''real time' customer information and feedback

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CRMT2) We have a dedicated CRM technology in place

 a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CRMT3) We have technologies that allow for one-to-one communications with potential customers

    a)   Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(CRMT4) Relative to our competitors the quality of our information technology resources is larger

    a)   Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

(BP) Relative to your competitors, how does your company perform in terms of:

(BP1) achieving overall performance;

    a)   Good   b) Same   c) Bad

(BP2) attaining market share;

    a)   Good   b) Same   c) Bad

(BP3) attaining growth;

    a)   Good   b) Same   c) Bad

(BP4) current profitability;

    a)   Good   b) Same   c) Bad

(BP5) customer satisfaction;

    a)   Good   b) Same   c) Bad