The Effect of Customer Relationship Management System on Customer Satisfaction

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Abstract: With contemporary technology, companies comprehend the need for a technological tool to direct their businesses relationships with customers. CRM system one of the modern inventions of technology that assist businesses to manage their information and to offer companies the whole view of each customer. This study used quantitative statistical methods to investigate the potential effect of the predictor CRM system on the criterion variable of customer satisfaction. The research provided a new survey instrument to assess the value-added of CRM systems in small- to medium-size companies in the United State (US) in terms of customer satisfaction. The findings of this study concluded that the utilize of CRM systems in business could improve customer satisfaction because customers become willing to purchase repeatedly, try the companies' other products or services, and eager to bring a new customer to the company.

Key words: Customer Relationship Management System; Customer Satisfaction; Quantitative Method; Correlation Design;

1. Introduction

Today’s customers are on average more educated and feel significantly more empowered compared to the customers of old times. For that, companies at different levels invest their resource to satisfy their customers through a long relationship. The value of the business relationship with customers involves managing the process that spans from different locations and directs its interaction with the customers (Chen & Popovich, 2013). CRM system has a combination of techniques and processes that help achieve customer satisfaction (Vella & Caruana, 2012). Owens (2014) maintained that the core utility of CRM system in businesses is to improve customer satisfaction throughout the procedure of integrational technology. This research investigated the practical of CRM systems. It particularly looked at issues of utilizing the CRM system, explored whether investing in CRM system in small to medium-sized firms in the US insert value to customer satisfaction or not.

Currently, A basic business problem lies in the absence of data concerning the benefits of utilizing CRM in improving businesses relationship with customers (Josiassen, Assaf, & Cvelbar, 2014). Mavuram (2013), Garrido-Moreno & Padilla-Meléndez (2011) declared that there is a need to study the relationship between the use of the CRM system and customer satisfaction in terms of beneficial interaction between them. The specific business problem that some small- to medium size companies in the US face is the lack of literature on links between CRM system and customer satisfaction and hence retention. Some businesses are not very convinced that the CRM system could affect customer satisfaction or increase their profitability (Colman, Devinney, & Midgley, 2011). This research sought to remedy this aspect by using a quantitative method and a correlation research design to explore how the CRM system affected customer satisfaction and profitability.

2. Literature Review

Currently, the core of the CRM system is the integration of technologies in the business processes to satisfy the requests of customers at any given exchanges (Tajinder & Singh, 2012). Ru-Jen, Rong-Huei, & Kuan-Shun, (2010) explained the two primary ways that the customers may interact using the CRM system. Chen & Popovich (2013) noted that IT-assisted system, where the employee serves as an interface between the CRM system and the customers, was the first step in the implementation of IS. The second step is an automated interaction to assist both the employee and the customer. In
Simmons (2015), the phase of the CRM technology has been detected to trace the customers’ purchasing behavior, classifying customers who can be trusted and proving their loyalty to the company. Rigby (2011) believed the CRM system needs to take a full advantage of other technologies in the marketplace to be able to collect relevant information about customer’s preferences. Today, managing customer relationships on a personal level and managing the organization toward a more efficient to respond to their needs can be achieved using information communication technology (Kang, Cho, & Baek, 2012). The company may find difficulty in satisfying its customers because of the lack of human interaction. At the same time, several customers can spread negative experiences (White & Yanamandram, 2010). The fact is that the CRM system can support businesses to benefit from the interaction with customers (Feinberg & Kim, 2012). Some medium-sized business firms have found value in choosing the CRM system for their businesses (Darvish, Kafashzadeh, & Ahmadian, 2012). However, several businesses have yet to understand that a CRM system can be the primary tool in capturing customer’s account and contact data. Feinberg & kim (2012) explained that the features of analytical CRM contain implementing and deploying the outcome of increasing the CRM system effectiveness. It also has the feature to develop relationships and customer interaction (Gummerus, 2010). The function of the CRM system is to create strong relationships with customers by enhancing and emphasizing the knowledge of the customers and utilize it in individualizing the customer interactions (Akroush, Dahiyat, Gharaibeh, & Abu-Lail, 2011).

3. Method

3.1 Method and Design

This quantitative method with a correlational design intended to display the effect of CRM system on customer satisfaction. Vogt (2003) projected that the data in a quantitative method might come from direct observation, experimental settings, or surveys (Bettany-Saltikov & Whittaker, 2013). However, the use of a correlation design would either lead to the acceptance or rejection of the claim of the hypotheses (Triola, 2005).

The following is primary question and hypotheses addressed the effect of CRM system in small to medium size companies to the satisfaction of customers. It assumed that the CRM system generates information for the companies about the needs and priorities of the customers in order to improve business performance.

**RQ1:** What are the significant effects of CRM system on customer satisfaction?

**H10:** There are no significant effects of CRM system on customer satisfaction.

**H1a:** There are significant effects of CRM system on customer satisfaction.

This study set up a procedure to ensure that the different units in the target population had equal probabilities of being selected as samples. The dominant data collection instrument of this research was the survey questionnaire distributed randomly to participants. The questions addressed the areas that the participants have observed the effect of the CRM system on customer satisfaction to serve the objectives of this study.

3.2 Data Gathering

The methods of data gathering in this study consisted of the distribution of survey questionnaires to participants. The data collected from the survey participants tabulated and computed using IBM SPSS version 23 for the frequency distribution table. The Mean generated from each category to determine the Mean Average. Pearson correlation used to consider the process of the most common useful statistical tools to compare effects and performances between (X): CRM system utilizing and (Y): customer satisfaction. The principle established a statistical linear correlation between two sets of corresponding data.

3.3 Data Analysis

Data analysis had an ongoing process to ensure validity and reliability throughout this study. The analysis of the patterns in observation throughout the entire data collection process served as the basis for the validity and reliability of the study. To ensure the integrity of the data, this research designed to present an accurate and appropriate analysis of the research findings. The integrity of the research is as important to data analysis of statistical data (Leedy & Ormrod, 2010). The data collected from participants of ten companies who answered the statement of research question by using Likert scale model of agreeing and disagreeing. Table 1 shows the small to medium size companies and the number of participants in each organization.
Table 1: Small to medium size company and number of participants

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of Participants</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>10.3</td>
</tr>
<tr>
<td>2</td>
<td>13</td>
<td>13.4</td>
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<tr>
<td>3</td>
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<td>4</td>
<td>12</td>
<td>12.4</td>
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<tr>
<td>5</td>
<td>7</td>
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<td>6</td>
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<td>10</td>
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After that, the data was tabulated frequently, mean average computed, and interval scale of measurement used data to display how the data flew constantly in a logical order. The report of data collection was improved when statistical values are organized obviously. The data analysis created the patterns upon the result to prove the reliability of the data within the findings. At the same time, the hypothesis was tested through correlational design to evaluate the linkage between CRM system utilize and customer satisfaction. The value of correlation was between +1 and -1 to show if there is a positive linear correlation (+1), no correlation (0), or a negative linear correlation (-1).

Table 2: Pearson Correlation

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std.</th>
<th>Pearson Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM System</td>
<td>4.0</td>
<td>11</td>
<td>0.622</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>4</td>
<td>6</td>
<td>1.87</td>
</tr>
</tbody>
</table>

Table 2 illustrated that the 4.0 was the result of the Mean Average that presented the dimensions under each variable agreed that there is a linkage between utilizing CRM system and customer satisfaction. The standard deviation (std) of 11 and 6 was not a negative number, as indicated how the data around the mean was concentrated. In the meanwhile, .622 was the result correlation coefficient that measured the direction and strength of a linear relationship between two variables and has a negative value less than 1.0. Consequently, Correlation r always has a value between positive 1 or negative 1 to determine the linkage between the two variables. Customer Satisfaction was exactly positive 1, which is a positive correlation (perfect uphill) linear relationship with the CRM system utilizes.

- Exactly -1. A perfect downhill (negative) linear relationship
- -0.70. A strong downhill (negative) linear relationship
- -0.50. A moderate downhill (negative) relationship
- -0.30. A weak downhill (negative) linear relationship
- 0. No linear relationship
- +0.30. A weak uphill (positive) linear relationship
- +0.50. A moderate uphill (positive) relationship
- +0.70. A strong uphill (positive) linear relationship
- Exactly +1. A perfect uphill (positive) linear relationship

3.4 The Findings
The research determined if the correlation between the two variables (CRM system as predictor and customer satisfaction as a criterion) contributes to the development of the small-to-medium-sized
companies in the US. The result was collated and tabulated within SPSS statistical program to compute the findings. The result showed the perfect linear relation between two variables, which meant that the participants agreed that the utilize of the CRM system has impacted customer satisfaction. The CRM system aimed at improving the linkage with existing customers, finding new prospective customers, and winning back former customers. It could carry into influence with software, which assists in collecting and managing customer data. The research exposed that the CRM system can create profitability to firms once they permit its full operation. The CRM system applications can also offer the firms with the framework for performing the greatest business practices in every customer-facing interchange. The participants agreed that the CRM system provides a common platform for customer interaction and communication. They are responsiveness to customers and provided them with a comprehensive outlook of the entire customer life cycle. The following table reflects the statistics of these dimensions.

| Table 3: Summary of the dimensions under customer satisfaction |
|-----------------|-----------------|-----------------|-----------------|
| Mean            | Standard Deviation | Range | Variance |
| 1               | 4.14             | 0.09  | 4     | 0.791 |
| 2               | 4.12             | 0.096 | 4     | 0.901 |
| 3               | 4.12             | 0.103 | 4     | 1.026 |
| 4               | 4.04             | 0.107 | 4     | 1.102 |
| 5               | 4.01             | 0.103 | 4     | 1.031 |
| 6               | 3.97             | 0.103 | 4     | 1.03  |

The null hypothesis in this study rejected the assertion that there are no significant effects of the CRM system on customer satisfaction, while accepted that there are significant effect of CRM system on customer satisfaction. The correlation coefficient (r) of .622 measures the strength and direction of a linear relationship between the utilize of the CRM system and customer satisfaction and has a value of 1.87. Customer Satisfaction was exactly positive 1, which indicated a positive linear relationship with CRM system utilizing.

4. Conclusion

The findings of this research displayed a perfect linear relation between CRM system and customer satisfaction, which proved that the small- to medium size companions have a greater chance of delivering commendable customer service that result in satisfied and happy customers within the utilize of CRM system. This study is important for the business process because it presented the benefit of utilizing the CRM system and business performance and how that affected customer satisfaction. Business owners, leadership, managers can gain a benefit also because the result fortified them to utilize a CRM system for providing information that is useful for keeping customer satisfaction, which is significant to avoid any financial issue due customers dissatisfaction. Likewise, the result contributed to the literature of several schools of business strategy’s thought that is leading to healthier customer retaining and advance profit.

It was assumed from the start of this research that there would be limitations in the availability of the study population because of time and distance constraints. Black (1999) stated that the unwillingness of the participants to response may affect the result of the study. The focus was to acknowledge such limitation and to intimate that the findings of this study cannot be generalized for all mediums sized companies. The quantitative approach also may have a complex method in its calculation, which make the results difficult to interpret. The weakness of a quantitative method lies on the data’s interpretation and generalization of the findings (Vogt, 2003). So, future researchers may benefit from this study and use resolving the limitations as a steppingstone to provide an additional generalizable conclusion. This might achieve by using different research methods such as qualitative or mix research. Using a qualitative method for the research assisted to obtain accurate information about social contexts, opinions, behaviors, values of the participants (Lars, 2010). The qualitative method suitable to secure a greater understanding of the underlying details and incentives of the population (Lodico, Spaulding, & Voegtle, 2006). On the other side, using a mixed method introduces aspects of both qualitative and quantitative approaches, occupying a median position on this continuum (Neuman, 2011). Some researchers used the mixed method to emphasize the findings based on interviews and observation.
and at the same time to validate the claim of the other design. Finally, academicians can use the concept of this study as starting contacts for debate by using different factors or increasing the sample to extend the scope of the research and engage more respondents beyond management level.

From the analysis and results that has been described previously, it can be said that this company has implemented monitoring of existing problems properly. This company has also taken preventive actions in dealing with ongoing problems. Although operationally in this company, sometimes it does not follow the procedures or SOPs that have been set as a whole. And researchers also suggest that companies continue to back up data regularly to avoid losing company data. The current level in the EDM01 Ensure Governance Framework Setting and Maintenance process reaches level 2.6, most of these sub-processes have reached level 3 established processes. Then, the current level in the EDM02 Ensure Benefits Delivery process reaches level 3 established processes. Then, the current level in the EDM03 Ensure Risk Optimization process reaches level 2.3. delayed.

5. References


JEL Classification: M15, O32, O33, O39