

**ASSESSMENT OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES
ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN VIHIGA
SUB-COUNTY, KENYA**

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ABSTRACT

Customer Relationship Management (CRM) has been increasingly recognized as a business strategy to effectively understand, manage and sustain customer relationship with advanced information and communication technologies. There is little research related to the implementation of CRM as a specific programme in Small and Medium Enterprises (SMEs), it is necessary to investigate this issue. The purpose of this study was to assess the influence of Customer Relationship Management practices on the performance of SMEs in Vihiga Sub-County. The study employed descriptive and correlational survey design and was anchored on both theoretical and conceptual framework. The study targeted 600 SMEs. The simple random sampling was used to select 60 SMEs in Vihiga Sub-County. A purposive sampling procedure was used to select two officials from the Ministry of Trade. The research instruments used in data collection were the questionnaire and the interview schedules. On validity of the instruments, the researcher used content validity while the test re-test method was used to test reliability comparing with Cronbach's coefficient alpha as it is the most common method of ensuring reliability for a multi-item scale measurement. The data was analysed using descriptive and inferential statistics like regression analysis and presented the results in form of frequency tables and cross tabulation tables. The study findings were: the association between personalized customer service and performance of SMEs was marginally weak because the correlation and regression values obtained were below the score of 0.5. Results indicate that there was a positive and significant effect between technology utilization and performance of SMEs. Similarly, correlation values obtained were below the average of 0.5, an indication that technology utilization was not strong enough to sufficiently enhance performance of SMEs in Vihiga Sub-County. The results on overall correlation analysis showed that there was a marginally positive and significant relationship between lifetime customer focus and the performance of SMEs. Correlation and regression analysis conducted on the influence of these factors and the implementation of CRM programs in SMEs revealed a marginally positive and significant association between these two variables. It was therefore recommended that information and communication, technologies, customer participation, internal business dynamics, innovation and quality should be taken into consideration to improve CRM for SMEs. The closed and interactive relationship between SMEs and their customers should be enhanced to help SMEs to determine what is right for their customers more easily. Firms should be encouraged to adopt and utilise technology because CRM is also perceived as a technology that is used by companies to facilitate the automation of some marketing functions. An organizational structure that supports the practice of CRM is necessary. The findings of this study may be useful to enterpreneurs, business people, Government, academicians and researchers in improving efficiency and effectiveness of SMEs in Vihiga Sub-County.