



ASSESSMENT OF CRM AND SMALL AND MEDIUM BUSINESSES PERFORMANCE: EVIDENCE FROM RWANDA- RUSIZI DISTRICT

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ABSTRACT

The study assessed CRM and small and medium businesses' performance: evidence from Rusizi district, Rwanda. The specific objectives were analyzing the CRM practices used in small and medium businesses of Rusizi District, Rwanda; and correlating CRM and business performance of small and medium businesses of Rusizi District, Rwanda. The study employed the target population of selected 11,359 registered small businesses in Rusizi District with their representatives. The purposive sampling technique used to select a sample size of 99 respondents. Data collection techniques of the study such as questionnaires; and documentation research techniques. SPSS IBM 22.0 version software was used to analyze the data obtained in this research. The descriptive Statistical method was used to describe the frequency, percentages of data collected from respondents. The coefficient of determination including correlation coefficient, and linear regression analysis model were applied to test the relationship between variables. The results showed that From the correlation coefficient matrix in Table no1, results showed that there is a significant, positive and strong correlation between customer identification in CRM and performance of SMEs in Rusizi District as a Pearson correlation is 0.758** with the p-value of 0.000, which is less than the standard

Key Words: CRM, small businesses, performance

significance level of 0.01. The results showed that there is a significant and positive strong correlation between customer attraction in CRM and business performance of SMEs as a Pearson correlation is 0.707** with the p-value is 0.000, which is less than the standard significance level of 0.01. The results showed a significant positive and strong correlation between Customer Retention and business performance of SMEs as Pearson correlation was 0.669** with the p-value of 0.000 less than the standard significance level of 0.01. The results showed that there is a significant and positive strong correlation between customer development and business performance of SMEs in Rwanda as the Pearson correlation is 0.710** with the p-value is 0.000, which is less than the standard significance level of 0.01. However, the research hypotheses were verified where null hypothesis (H_0) stated that "There is no significant and positive relationship between CRM and small businesses performance in Rwanda" was rejected, because the findings indicated a significant and positive relationship between variables, and for that reason, the study has retained the alternative hypothesis (H_1) stated that the independent variable affecting significantly and positively business performance of SMEs in Rwanda.

1. INTRODUCTION

Customer Relationship Management (CRM) is a system that aims to improve the relationship with existing customers, find new prospective customers, and win back former customers. CRM software facilitates collecting, organizing, and managing customer information all in one place. CRMs are no longer just for large-scale organizations with huge databases of customers but are advantageous to even small and medium-sized organizations (Tarana Rana, 2019).

Some of the incredible outcomes from CRM systems include improved customer service, deepened customer relationships, retention of new customers, and much more successful sales and marketing initiatives. The customers

expected on-time delivery, good quality, cheap product, and after-sale services from producers. Trade was based on the relationship and intermediaries were powerful in the distribution chain but nowadays, organizations are active in dynamic and complex environments, the competition among organizations has increased, product life-cycle is reduced and the life-cycle of organizations decline rapidly (Mendoza L.E. et Al., 2007).

In many cases, products with similar qualities are produced by producers and this is the customer which decides to buy (Kotler and Armstrong, 2004).

The attitude of companies is toward increasing the satisfaction of customers and high profit due to expansion

and increase in the competitive space. With the transition from traditional economy and intensifying competition in new dimensions, the customer is the main axis of activities of the organization such that from a competitive view, survival of organizations depends on identifying and attracting new customers maintains existing customers (Alejandra Costa Aizcorbe, 2007).

In recent years, by increasing the expectations of customers, CRM is considered an inevitable necessity for the success of a business. There is great dependence between the seller and buyer that customers expect to have their products and companies need technology by which they can create innovations for improving and attracting customers. One of the prime benefits of using a customer relationship management system is improving customer service through storing secure customer data. By using this strategy, all dealings involving servicing, marketing, and selling your products and services to your customers can be conducted in an organized and systematic way. You can also use CRM software to provide better service to customers through an improved understanding of their issues.

For instance, if you need to resolve an issue for a customer, your representatives can retrieve all activity concerning that customer, including past purchases, preferences, and anything else that might help in finding a solution quickly. In this way, you can use CRM to receive continuous feedback from your customers regarding your products and services (Tarana Rana, 2019).

According to Harvard Business Review (2018), a 5% reduction in your customer defection rate can increase your sales or profits anywhere from 25% to 85%. As far as CRM benefits go, this is a golden one for customer service. By using the data collected, your team can use CRM to proactively address at-risk accounts as well as reach out to satisfied customers at the right moment, to encourage repeat purchases.

2. PROBLEM STATEMENT

CRM is a strategic necessity for all organizations because its effective implementation increases the satisfaction of customers, loyalty, and attraction, and more sales and buy (Wu et al., 2007). The general process of developing and maintaining profitable communication with customers is by delivering or presenting a higher value to the customer and achieving his satisfaction (Kotler, 2004).

Despite the importance of adopting CRM as a necessary rule for those organizations that need development and growth, the small businesses are normally viewed as the locomotive that pushes economic growth, job creation, and poverty reduction but they are still suffering the issues of

Following a CRM strategy helps in building up better communication within the company. Sharing customer data between different departments enables you to work as a team and help optimize the customer experience one of several major benefits of a CRM platform. Each employee also can answer customer questions on what is going on with their product or service. By functioning as a well-informed team, help increase the company's efficiency overall and offer a better service to customers. "If you are my customer and I get you to talk to me, and I remember what you tell me, then I get smarter and smarter about you. I know something about you my competitors don't know. So, I can do things for you competitors can't do, because they don't know you as well as I do." (Don Petter and Martha Rogers, 2011).

Thus, well-conceived and maintained customers relationship management (CRM) becomes a dominant issue in business. According to Peter Drucker, quoted by Kristin Anderson and Carol Kerr (2002) "the purpose of a business is to create customers." Meaning, everything to undertake in the business must be customer-oriented. A customer is placed on the business center since all profit and survival edges emanate from customers, all decisions turn around the customers.

To ensure its sustainability, a business makes sure that it keeps long-term relationships with its customers for retaining them. It put in place a system that enables to continuously record and analyze customers' behaviors to assess whether there is a need to change its products and services to maintain their satisfaction. A system is needed to help a business to manage customers' life cycles to ensure that gained customers are retained for the long term. To retain customers, organizations ideally institute a framework referred to as customer relationship management. (Maraj Rehman Sofi, 2015).

lower marketing, unappropriated strategies used to identify, attract, retain and maintain their customers as a leading channel of business failure in short term in developing countries like Rwanda (Harris M. L. and Gibson S. G., 2006).

Nowadays, in Rwanda, SMEs account for about 98% of businesses and 41% of private-sector employment (RDB, 2019), and they are in front of a big challenge of failure since the study revealed that half (50%) of the businesses that are started in Rwanda do not exceed five years life, even those which exceed five years, only a fraction

remains in operation in the next decade (MINICOM, NISR, MIFOTRI and PSF, 2017).

In addition to the above issues, various studies and documents have been produced to assess the root causes of business failure in Rwanda, but none of them mentioned the existing issues and show a great way to solve these issues especially in relation to customer relationship

3. OBJECTIVES OF THE STUDY

This study paper has a general objective and specific objectives.

General objective

To examine the CRM and small and medium businesses performance: evidence from Rwanda.

4. HYPOTHESES

This study verified null and alternative hypotheses as follows.

- [1.] **H₀**: There is no significant and positive relationship between CRM and small businesses performance in Rwanda.

management as one of the challenges lead o business failure in Rwanda. There is an existence of scarcity on customer relationship management, especially for small and medium businesses in Rwanda that creating a knowledge gap. It is, therefore, there is a need to assess the extent to which CRM impacts the performance of small and medium businesses in Rwanda.

Specific objectives

The study achieves the following specific objectives:

- [1.] To analyze the CRM practices used in small and medium businesses of Rusizi District, Rwanda
- [2.] To correlate CRM and business performance of small and medium businesses of Rusizi District, Rwanda.
- [2.] **H₁**: There is a significant and positive relationship between CRM and small businesses performance in Rwanda.

5. REVIEW OF LITERATURE

5.1 Concepts of Customer Relationship Management

Customer relationship management is primarily about harmonizing customer strategies and business processes, all to increase customer loyalty and business profitability. The cooperation of the parties ensures very close personal, informational, and operational connections, along with the achievement of long-term common goals (Hutt and Speh, 2010).

According to Sugandhi (2007) CRM involves establishing and maintaining long-term mutually beneficial relationships with strategically significant customers and managerial efforts to manage business interactions with the customers by combining business processes and technologies that seek to understand the firm's customers.

Communication with customers is an important development of relationship marketing. This helps in developing relationships, fostering trust, and providing information that is needed to undertake the cooperative and collaborative activities of relationship marketing. In several ways, it is the life force of relationship marketing. By establishing proper communication channels to share information with the customers of a firm enhances their relationship with them (Moriarty & Jones, 2008).

Kasim and Minai (2009) CRM technology dimension improved performance of telephony firms. In this regard, new technologies are seen as key drivers for change. CRM-based technology allows the firm to plot and implement fruitful marketing activities for retaining

customers with the help of a customer database and other information-sharing systems (Roberts, and Hazard, 2011).

Morgan *et al.*, (2010) posit that social CRM can fine-tune relationships, to achieve loyalty; the firm should gauge its actions against the needs of the customers. The utilization of CRM tools allows the firm to exploit its resources and to work in the direction of new models of customer closeness. This makes it easier for the firm to transform its customer relationship say for example vendor into a supplier and ultimately to partner (Minghetti, 2013).

Customer relationship management has four aspects: customer identification, customer attraction, customer retention, and customer development.

1. Customer Identification: Customer relationship management starts by identifying the customer. This stage includes targeting the individuals who become either company's customers or profitable for the company. In addition, the focus of this stage of customer relationship management is mainly on analysis of the customers lost while competing with other firms, and ways of winning them back.

Identification of customers by organizations makes them be considered strategically important and occupies a role in organizations' success. These customers have individual needs, therefore, addressing their needs promotes products, as well. Customer identification involves customer analysis and customer segmentation. Customer analysis requires the investigation of functional aspects

through analyzing the customer's attributes, while, customer segmentation needs reclassifying a customer base into smaller groups of customers that are relatively similar.

2. Customer Attraction: follows customer identification. Having identified the customer's potential segments, organizations can put their energy towards attracting target segments of the customer. Direct marketing is one of the factors for drawing the customer. Direct marketing is an advertising process that entices the customer to order products through different channels; direct posting as well as distributing coupons are examples of direct marketing.

3. Customer Retention: is a paramount concern in customer relationship management. Customer satisfaction which refers to the comparison of customer expectations with his/her perception of satisfaction is regarded as an absolute prerequisite for retaining the customer. Customer relationship management is the philosophy of business activities for attracting and keeping the customer, raising the customer value, loyalty, and implementing customer-centered techniques. Customer relationship management

5.2. Performance of SMEs

Performance assessment involves the use of tools such as questionnaires, Strengths, weaknesses, opportunities, and threats (SWOT) analyses, and diagnostic models. When deciding to use either financial or non-financial measures, the management of the firm should ensure that the right measures are used to suit the current needs of the organization (Kleijnen *et al.*, 2008). The key financial indicators that are used to assess the overall performance of the firm include Return on Assets (ROA), Return on

Investment (ROI), Return on Equity (ROE), and Sales Growth. ROA is measured using net income divided by total assets. ROI is measured using gain from investment minus the cost of an investment divided by the cost of investment. ROE is the amount of net income returned as a percentage of shareholder's equity. Sales growth is measured using the annual increase in sales (Neely, Mills & Platts, 2010).

Organization strategy focuses on the manner of attracting customers and maintaining and developing communication with existing customers and research is the purpose of CRM which requires identification of customers and only those customers should be considered than their behavior is effective (Richardo, 2006). Loveluck *et al.* (2003) state the satisfaction of the customers as perceived service based on required service. Traditional marketing strategies were focused on the

5.3 Theoretical Review

This section presents the theories related to the variables and views of the study, as follows:

5.3.1 Commitment Trust Theory

A good relationship between the customer and the firm builds strong bonds between the customers through satisfying their needs and honoring their commitments. Unlike concentrating on short-term profits businesses are more concerned about retaining their customers by providing quality services that meet their needs. Trust is confidence between two parties in a relationship. Firms

is aimed at strengthening customer relationships and examining them fully.

Considering how customer value, Rozitta Chittaie, International Journal of organizational leadership needs, expectations, and behavior through analyzing the data from interaction with the customer are integrated, firms can shorten the sales cycle, and increase the customer loyalty by creating better relations with them. As a consequence, proper customer relationship management can help companies to keep existing customers and draw new ones.

4. Customer Development: This stage requires steadily increasing the number of interactions, the value of interactions, and the personal profitability of the customer. Elements composing customer development are customer lifetime value analysis, average sales growth, and analysis of product baskets the customer uses in the company. Customer lifetime value analysis has been defined as a prediction of total net income that a company can expect from the customer.

concept of the 4 Ps: price, product, place, and promotion to increase the market share and their initial attention is increasing the volume of exchange between seller and buyer. In this regard, sale volume is a measure of strategies' performance and marketing techniques. CRM is a business strategy that is beyond an increase in the volume of the exchange and its purpose is increase profitability, income, and customer satisfaction that organizations use widespread tools and approaches, and methods for achieving this goal (Elahi and Hiedari, 2005).

develop trust by building a level of confidence with their customers. This is based on several factors such as reliability, consistency, and satisfaction. Stone, W. & Machtynger (2007) explain that a customer is confident about a firm from the various interactions and relationships that they have had in the past. This assists the firm to attract more customers, increase sales and

enhance organizational performance. Commitment is a long-term need to maintain a good relationship. This need is essential in motivating the firm to develop and maintain its relationship with the customers. Moorman, R., & Gerald (2008) posited that customers should be treated in

5.3.2 Knowledge-based View

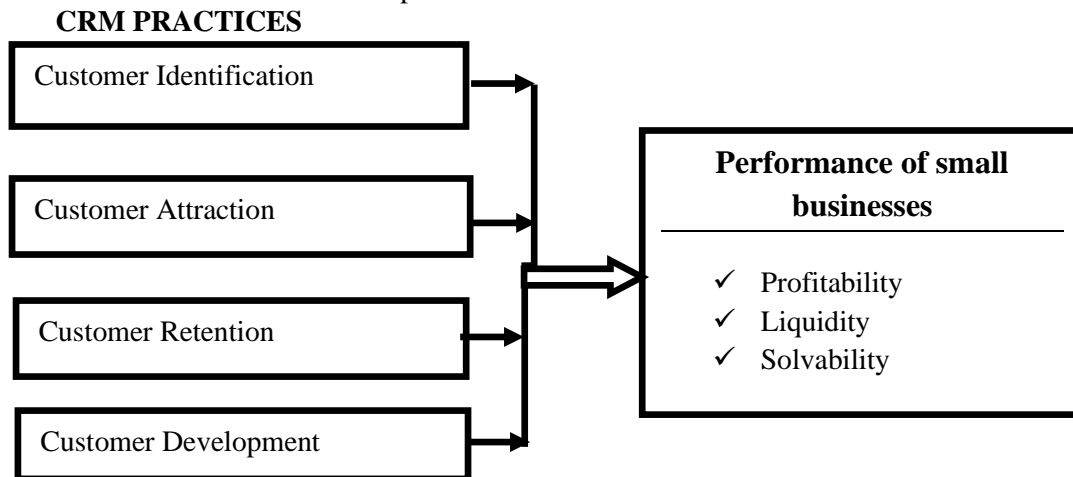
Nickerson & Zenger (2004) identified two main schools of thought in the development of resource-based views. These schools of thought are as follows; modern schools of thought and classical thought of thought. The classical school of thought describes that to achieve a competitive edge against competitors' firms must develop core competencies by making maximum use of the available resources. Tangible resources such as Information Communication Technology (ICT) to integrate and

5.4. Empirical Review

Reimann, L. & Chase (2008) studied the relationship between CRM and the performance of firms in American service firms. The study used in-depth field interviews and a large-scale, cross-industry survey. CRM dimensions such as communication, CRM technology, and interaction and CRM orientation were embraced by most services firms. The results revealed that CRM did not affect firm performance directly, however; it led to improved sales growth and reduction of cost.

5.5. Conceptual framework

This study consists of two research variables which are CRM practices as the independent variable and performance of small businesses as a dependent variable:



Source: Researcher; documentation and own conceptualization, (2021)

Figure 1: Conceptual framework

6. MATERIALS AND METHODS

Apart from questionnaire and documentary techniques used to collect data, descriptive survey design and inferential statistics were used in this study to describe the prevailing situation on CRM practices and the performance of small businesses. The entire population of the study who are supposed to provide the information data

a manner that makes them feel valued; this helps in retaining existing customers and attracting new ones. This can be achieved by being responsive to the needs of the customers when designing products and services.

enhance cost reduction which leads to improved organizational performance. The use of modern technologies allows the firm to easily access and share information about customers. This information helps tailor superior products and services for improved customer satisfaction. This retains existing customers while attracting new ones which eventually results in improved market share and organizational performance (Nickerson *et al.*, 2004).

Shavazi, Moshabaki & Hoseini (2013) examined the relationship between customer relationship management and different measures of performance in the banking sector. Data was collected from banks in Iran, the sub-process of implementing CRM was extracted and also four measures of balanced scorecard were applied to measure performance. The findings revealed that has a positive impact on sales growth, reduced marketing costs, and hence improved organizational performance.

Where: $n = \frac{N}{1 + N(e)^2}$ n = Sample Size N = Study Population e = Margin of error $n = \frac{11,359}{1 + [11,359 * (0.1)^2]} = 99$

The study used a purposive sampling technique to select distinct small businesses in Rusizi to be involved in the Survey and also simple random sampling technique used to select 99 respondents in the SMEs registered in Rusizi District. This section showed the data collection techniques of the study such as questionnaires; and documentation research techniques. SPSS IBM 22.0 version software was used to analyze the data obtained in this research. The descriptive Statistical method was used to describe the frequency, percentages of data collected from respondents. The coefficient of determination including correlation coefficient, and linear regression

analysis model were applied to test the relationship between variables. The models were X is independent variable equals CRM, which has four indicators such as x1 = customer identification; x2 = customer attraction; x3 = customer retention; x4 = customer development while Y = dependent variable = performance of small businesses in Rusizi District which has indicators: profitability; liquidity; and solvability.

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \varepsilon.$$

7. RESULTS AND DISCUSSIONS OF FINDINGS

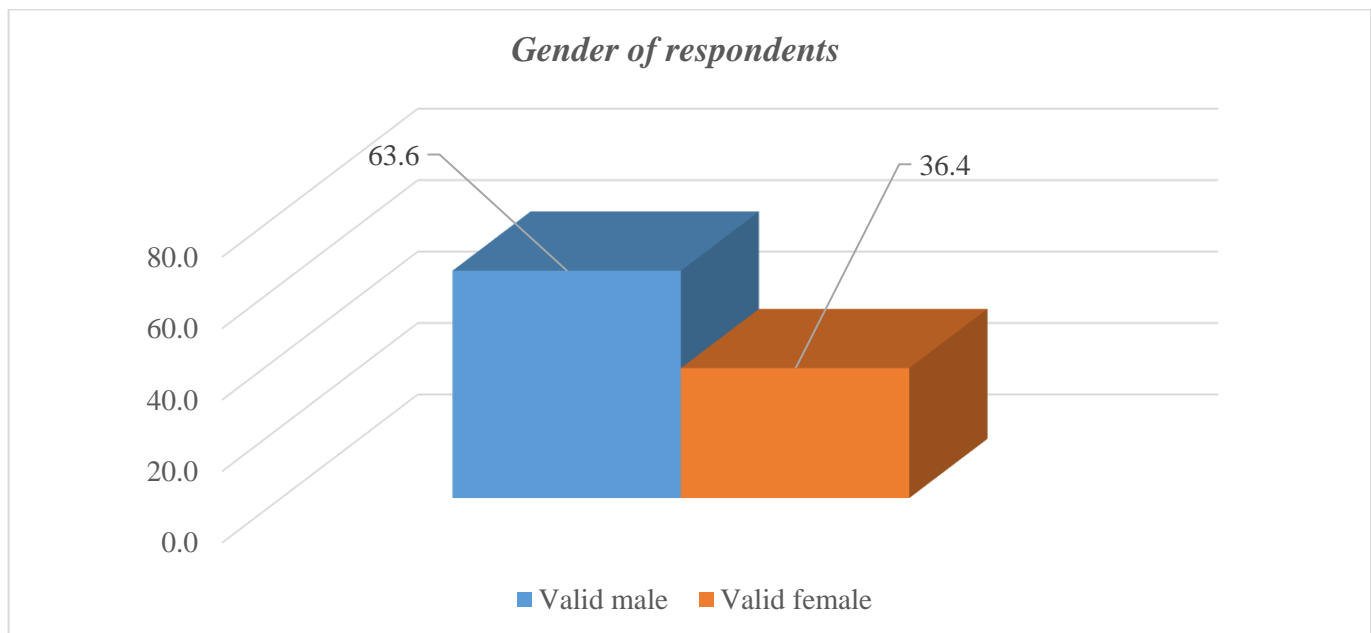
Data collected were analyzed mainly quantitatively using computer software of Statistical Package for Social Sciences (SPSS) 22.0 version. The results were presented and interpreted by research objectives which were to examine CRM and small businesses performance;

7.1. Profile of Respondents

Profile survey questions are a questionnaire that aims to identify the demographic data points of respondents and to check if they satisfy all the required checklists for the research, and hence to verify eligibility. The findings of

evidence from Rwanda- Rusizi District; to identify indicators of the practice of CRM for small businesses in Rwanda; to evaluate the extent of small businesses performance in Rwanda, and to correlate CRM and small businesses performance in Rwanda.

this study indicated that characteristics such as gender, age, education, marital status, and experience of respondents are all typical examples of demographics that are used in survey.

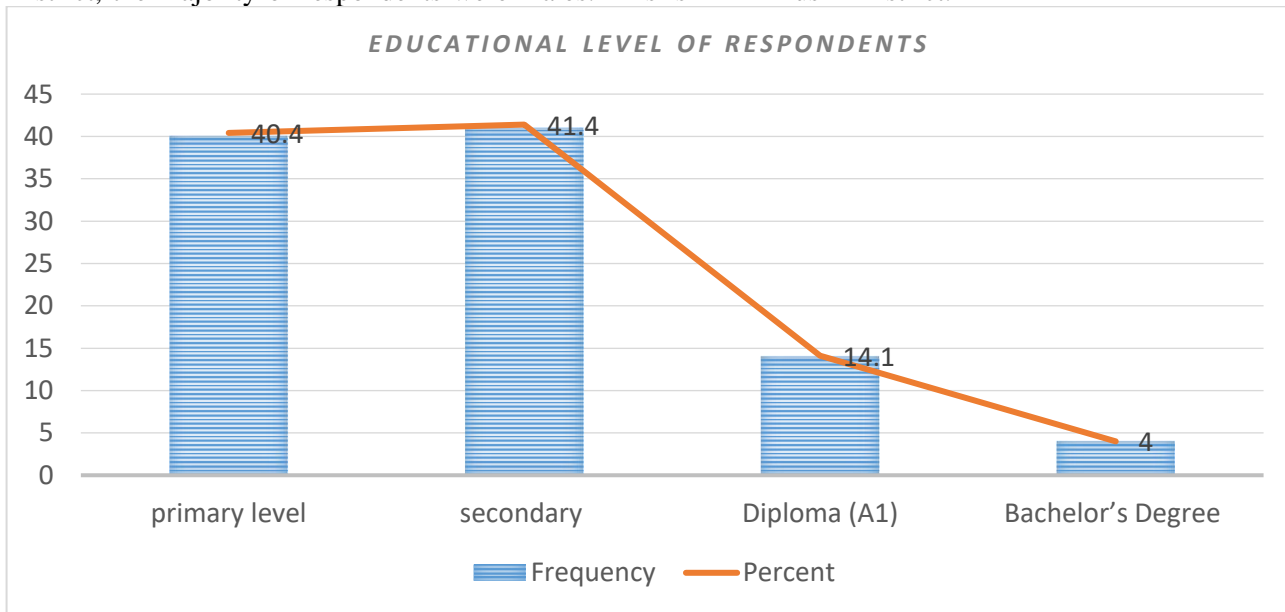


Source: primary data (2021)

Figure 1: Gender balance distribution of Respondents

Findings in figure No1 showed results from representatives of registered small businesses in Rusizi District, the majority of respondents were males. This is

justified by 63.6% of respondents were males while 36.4% of respondents were females in registered small businesses in Rusizi District.

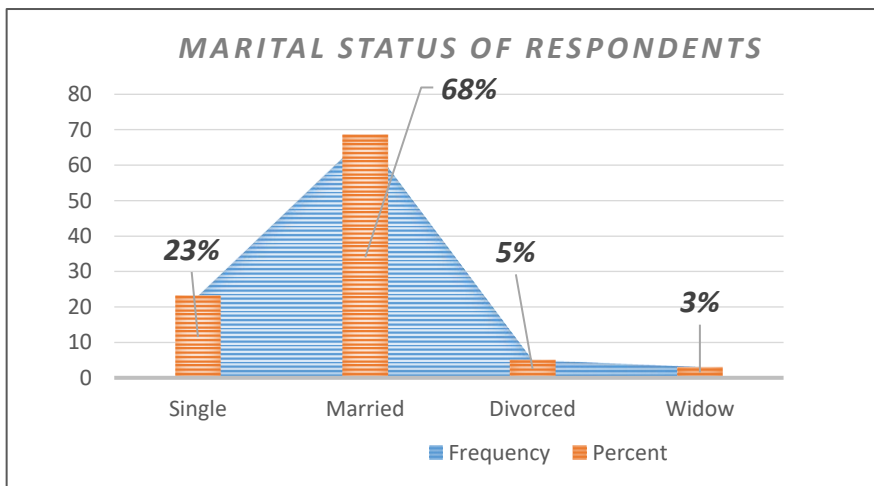


Source: primary data (2021)

Figure 2: Education level of respondents

Findings in figure No2 showed the majority of respondents represented by 41.4% of respondents who have secondary level are doing businesses in Rusizi District; followed by 40.4% of respondents who have primary level; the 14.1% respondents acquired Diploma (A1) while bachelor's

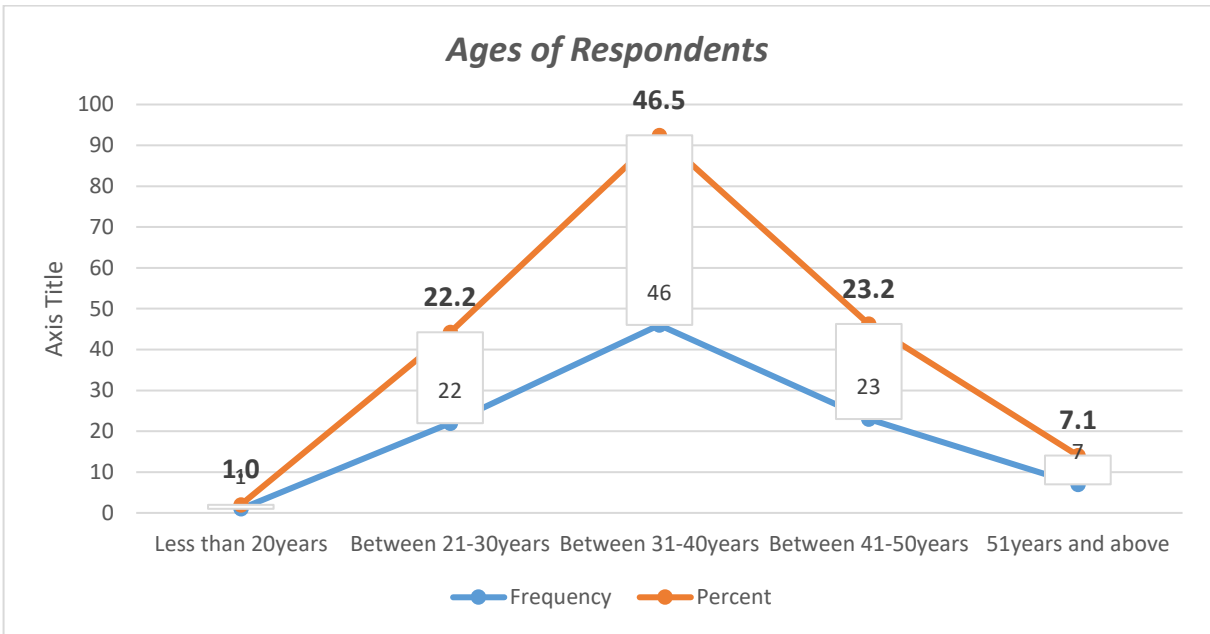
degree was 4.0% respondents in small businesses in Rusizi District. This is indicated the existence of skilled people in Rusizi who operated effectively their businesses in this district, by adopting CRM to excite the business performance of small businesses in the Rusizi District.



Source: primary data (2021)

Figure 3: Marital status of the respondents

Findings showed that majority in marital status was 68% of respondents who were married doing businesses in Rusizi District; followed by 23% respondents were single people operate small businesses; 5% respondents were in divorced people, and 3% respondents were widows in small businesses in Rusizi District.

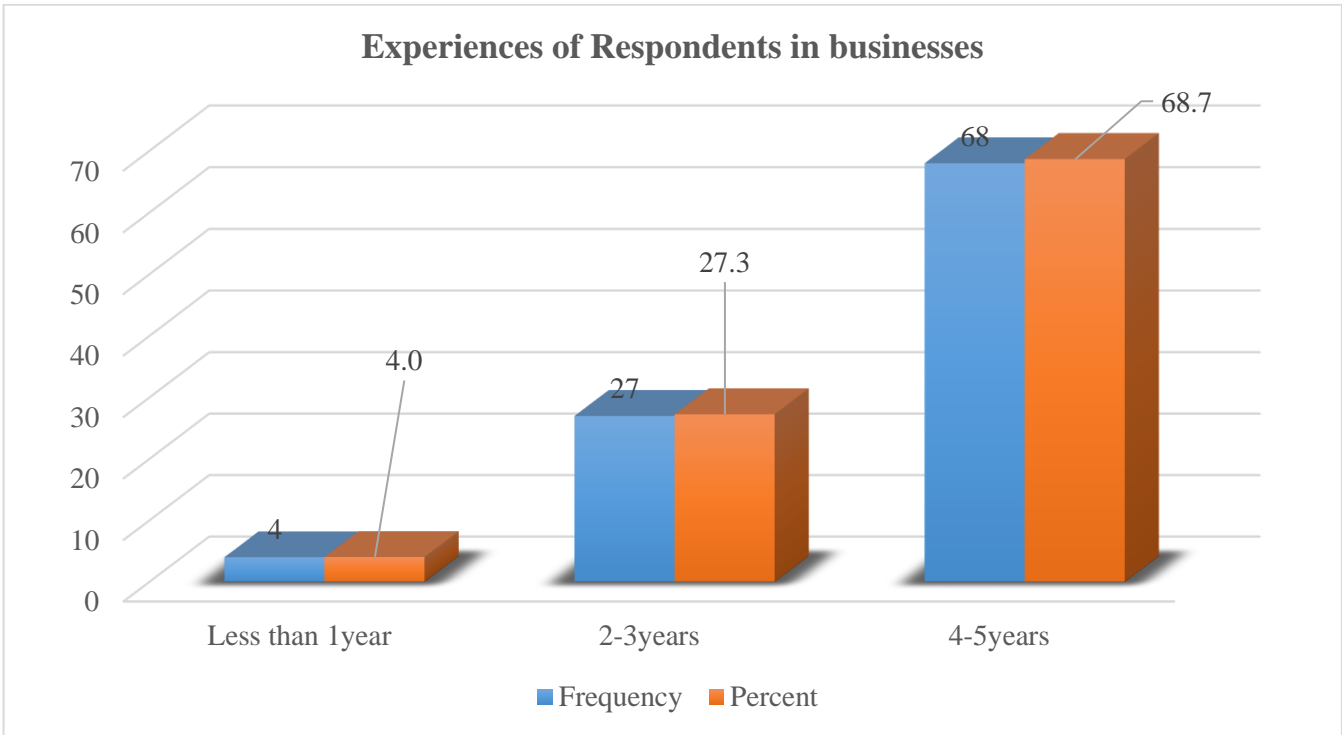


Source: primary data (2021)

Figure 4: Ages distribution of the respondents

The results in figure no4 presented the majority of 46.5% of respondents have ages between 31-40years in business men and women in Rusizi District participated in this survey, followed by 23.2% of respondents aged between

41-50years among the participants. Age between 21-30years were 22.2% respondents. This is an indicator show that respondents participated in this survey are mature enough to operate their business in Rusizi District.



Source: primary data (2021)

Figure 5: Experiences of the respondents

In this study, the majority of participants presented enough experiences in businesses used CRM to enhance the business performance of SMEs in Rusizi District. This is justified by 68.7% of respondents have who experienced

between 4-5years; followed by 27.3% of respondents have between 2-3years of experiences in business in Rusizi District. 4% of respondents have experiences of less than 1 year in small businesses.

7.2.1 Correlation Matrix Analysis

Table no1 illustrated findings on the correlation coefficient matrix test of this study between variables of CRM as an

independent variable and business performance of small businesses as a dependent variable.

Table 1: Correlation coefficient Matrix Analysis

		Customer Identification	Customer Attraction	Customer Retention	Customer Development	CRM practices	performance of small businesses in Rwanda
Customer Identification	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	99					
Customer Attraction	Pearson Correlation	.940**	1				
	Sig. (2-tailed)	.000					
	N	99	99				
Customer Retention	Pearson Correlation	.885**	.950**	1			
	Sig. (2-tailed)	.000	.000				
	N	99	99	99			
Customer Development	Pearson Correlation	.945**	.981**	.974**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	99	99	99	99		
CRM practices	Pearson Correlation	.992**	.946**	.895**	.953**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	99	99	99	99	99	
performance of small businesses in Rwanda	Pearson Correlation	.758**	.707**	.669**	.710**	.762**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	99	99	99	99	99	99

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

From the correlation coefficient matrix in Table no1, results showed that there is a significant, positive and strong correlation between customer identification in CRM and performance of SMEs in Rusizi District as a Pearson correlation is 0.758** with the p-value of 0.000, which is less than the standard significance level of 0.01. This indicates that out of the considered other factors affecting the business performance of SMEs, only customer identification in CRM has a significant contribution of 75.8% on the business performance of small businesses in Rwanda.

The results showed that there is a significant and positive strong correlation between customer attraction in CRM and business performance of SMEs as a Pearson correlation is 0.707** with the p-value is 0.000, which is less than the standard significance level of 0.01, and this indicates that, out of the considered other factors of CRM practices, only the customer attraction in CRM has a significant relationship of 70.7% in the business performance.

7.2.2 Regression Analysis

This study section helps to verify and test research hypotheses. The models were X is independent variable that equals CRM, which has four indicators such as x1= customer identification; x2= customer attraction; x3=

The correlation table also presents the results that shows a significant positive and strong correlation between Customer Retention and business performance of SMEs as Pearson correlation is 0.669** with the p-value is 0.000, which is less than the standard significance level of 0.01. This indicates that, out of the considered other factors that affect the business performance of SMEs in Rwanda, only customer retention has a significant relationship of 66.9% on the business performance of small businesses in Rwanda.

The results showed that there is a significant and positive strong correlation between customer development and business performance of SMEs in Rwanda as the Pearson correlation is 0.710** with the p-value is 0.000, which is less than the standard significance level of 0.01. This indicates that out of the considered other factors that affect the business performance of SMEs, only customer development has a significant relationship of 71.0% on the business performance of SMEs in Rwanda.

customer retention; x4= customer development while Y= dependent variable= performance of SMEs in Rusizi District.

Table 2: Model Summary between CRM and Business performance of SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.759 ^a	.576	.558	2.16678	1.828

a. Predictors: (Constant), Customer Development, Customer Identification, Customer Retention, Customer Attraction

b. Dependent Variable: performance of SMEs in Rwanda

Findings in Table no2 showed that overall R. of 0.759^a categorized as the significant and high correlation between CRM and business performance of small businesses; the value of R-square in this study is 0.576 means that the proportion of business performance of small businesses in Rwanda (dependent variable) is explained by the independent variable indicated by CRM practices represented x1= customer identification; x2= customer

attraction; x3= customer retention; x4= customer development at 57.6%. This indicates that the model is significant and positive strong, as the independent variable highly explains the dependent variable. The adjusted R-square is used to compensate for additional variables in the model. In this case, the adjusted R-square is also 55.8% with Std. Error of the Estimate for 2.16678. Durbin-Watson was 1.828.

Table 3: ANOVA on CRM and Business performance of small businesses

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	599.220	4	149.805	31.908	.000 ^b
	Residual	441.325	94	4.695		
	Total	1040.545	98			

a. Dependent Variable: performance of SMEs in Rwanda

b. Predictors: (Constant), Customer Development, Customer Identification, Customer Retention, Customer Attraction

The suitable F-tests can be derived that allow differences between sets of means to be assessed. Thus ANOVA is a bio-statistical method for determining whether a difference exists between the means of three or more independent populations. The one-way ANOVA parametric test results in either accepting or rejecting this null hypothesis. If rejecting the null hypothesis, then we can conclude that the population means are not equal. We do not know however whether all the means are different from one another or only some of them are different. This additional specificity is determined by conducting multiple comparison procedures, i.e. additional statistical

tests. In this case, from the ANOVA Table no3, the level fit mode or F-test is 31.908 with a p-value of 0.000^b which is less than 0.01, set as the standard significance level. This means that the study has rejected the null hypothesis (**H₀**) stated that “There is no significant and positive relationship between CRM and small businesses performance in Rwanda” because findings indicated a there is a significant and positive relationship between variables, and for that reason, the study has retained the alternative hypothesis (**H₁**) stated that the independent variable affecting significantly and positively business performance of small businesses in Rwanda.

Table 4: Regression of Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.807	.569		3.176	.002
	Customer Identification	.575	.158	.873	3.649	.000
	Customer Attraction	.010	.350	.010	.029	.007
	Customer Retention	.246	.472	.177	.520	.004
	Customer Development	.268	.523	.297	.512	.000

a. Dependent Variable: performance of small businesses in Rwanda

The models were X is independent variable equals CRM practices represented x1= customer identification; x2= customer attraction; x3= customer retention; x4= customer development with Y is dependent variable equals the business performance of Small businesses. Therefore, $Y = \beta_0 + \beta_1x1 + \beta_2x2 + \beta_3x3 + \beta_4x4 + \epsilon$. β_0 =Constant; ϵ =Error; β =Coefficient of the Disbursement; $Y = 1.807 + 0.575x1 + 0.010x2 + 0.246x3 + 0.268x4 + 0.569$

The regression equation results show that the business performance of SMEs in Rwanda always depends on a constant factor of 1.807 regardless of the existence of other factors. The other variables explain that; every change made in CRM practices will change also x1, x2, x3, x4 equivalent with 0.575; 0.010; 0.246; 0.268; and with 0.569 as standard error affecting the business performance of small businesses in Rwanda.

8. CONCLUSION AND RECOMMENDATIONS

Conclusion

CRM is the business strategy focused on the customer that increases the loyalty and satisfaction of the customer by

presenting him the personalized services and some know it as a managerial approach which includes identifying,

attracting, developing, and maintaining the successful relationship with the customer to increase profitability. CRM is a strategic necessity for all organizations because its effective implementation increases the satisfaction of customers, loyalty and attraction, and more sales and buy. It is necessary that companies, instead of eliminating disadvantages, search for ways to grow and build the advantages. One option is to implement the customer relationship management system. One of the most primary research requirements is to obtain information to help predict the key factors for choosing the correct CRM system. In this case, from the ANOVA Table no3, the level

Recommendations

Customer relationship management is one of the important aspects of competitiveness in the 21st century. All companies, regardless the size and focus, must concentrate on the customers, and their satisfaction and loyalty. It is suggested that companies and SMEs use knowledge management tools for integrating customer information. Implementation of CRM software in industries has a significant role in data gathering and analysis. As a result, if using CRM does not lead to added value for customers and competitive advantage for industries, there is no result except wasting resources. Regarding the vital and key role of SMEs and customer-oriented approach in the organizations, researchers can study the role of knowledge management and relationship marketing on the SME's performance and present a suitable solution to improve it.

fit mode or F-test is 31.908 with a p-value of 0.000^b which is less than 0.01, set as the standard significance level. This means that the study has rejected the null hypothesis (H_0) stated that "There is no significant and positive relationship between CRM and small businesses performance in Rwanda" because findings indicated a there is a significant and positive relationship between variables, and for that reason, the study has retained the alternative hypothesis (H_1) stated that the independent variable affecting significantly and positively business performance of small businesses in Rwanda.

Suggestions based on the results: The government and especially small industries can improve the SME's performance by consultation, conferences, and programs related to CRM. It is recommended that regarding presented models, they use suitable strategies and show their purpose of marketing among the holders of companies and show that CRM will be the best alternative for operations and procedures and it is compatible with norms and needs. Managers of SMEs can increase the abilities of their employees in the information system such that their employees become familiar with common information systems and acquire the necessary skills for improving the performance of these industries. SMEs should enhance their recognition of the environment and customers to improve their performance.

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