

# Adoption of CRM Initiatives among the Small and Medium Enterprises- An Analysis of Factors and its Impact on Organizational Characteristics

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## DISSERTATION ABSTRACT

Small and Medium enterprises (SMEs) in India are over 3 million in number producing over 8,000 items assume special significance for their role as a creator of large-scale employment opportunities apart from contributing considerably to regional development and industrial production (50 per cent), exports (42 percent). The e-business technologies such as Customer Relationship Management (CRM) or Enterprise Resource Planning (ERP) are radical technologies that are transforming business models and processes, resulting in the disruption of old industries and the creation of new ones. It is seen that firms that adopt radical technologies tend to be more successful. The Indian SMEs must embrace technology by upgrading in their business operations to sustain and enhance their competitiveness to face the onslaught of products from multinational enterprises. The key to survival for many SMEs is the ability to exploit new technology such as CRM to improve productivity and cost efficiency, and generate new sales.

The research on CRM within the academic literature has primarily focused on installation issues such as gaining sponsor support, IT infrastructure, and training, rather than on factors that influence when, how, and why firms “adopt” CRM and similar information technology. In India, the adoption of CRM is about 15% to 25% as

per a few estimates made by CRM vendors. This research was carried out to fill a knowledge gap about CRM adoption among Indian SME segment which remains unexplored as most studies in Indian context explores mostly service sector

Here the SMEs identified for the research belongs to manufacturing sector based in Coimbatore, India. Further study this is much different from other studies which concentrate on identification of adoption factors and developing a research model for adoption but here the researcher has identified the organizational characteristics and how it influences the factors influencing the adoption of CRM.

SMEs is a crucial sector operating in hostile environments and facing increasing competition despite being the significant factor for job creation and economic growth are less studied by researchers regarding adoption of innovations. This research has thrown light on the adoption of innovations like CRM by Indian SMEs – a relatively unexplored terrain.

The main objective identified in this study is to ascertain the critical factors responsible for adoption of CRM among Indian Small and Medium Enterprises (SMEs) based in Coimbatore which is an industrial city having a large number of

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SMEs. The designed questionnaire has a five point Likert scales ranging from strongly agree to strongly disagree. The factors influencing the intention to adopt CRM technologies were technological factor, organizational factor, environmental factor, organizational readiness factor and perceived internal and external benefit factor. The researcher had used judgment sampling since the adopters of new technology among the SMEs were less in number.

The study adopted descriptive research and survey method. Based on the review of literature study on diffusion of innovation theories, two conceptual models were proposed and the hypotheses framed were tested using Structural Equation Modeling (SEM). The statistical tools used in this study were Kolmogorov–Smirnov test (K–S test), Kruskal Wallis test, correlation, confirmatory factor analysis and structural

equation modeling using Partial Least Squared (PLS) approach. The software used for conducting the analysis was SPSS version 16, Gpower 3.0.5 Software and Visual PLS.

This study found that relative advantage, complexity, observability, competitive pressure and government role had significant effects on the intention to adopt CRM among the SMEs based in Coimbatore. These findings do provide a significant view about the factors influencing the intention of adoption of CRM among the SMEs based in Coimbatore. Further the new knowledge obtained in this research shall fuel more research in this area and also help Industry to understand CRM development. The results of this study shall be useful to SMEs, IT consultants, vendors of CRM and Government in drawing guidelines for encouraging CRM adoption and help Indian SMEs to compete better in the market.

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