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**AN ASSESSMENT OF THE SIGNIFICANCE OF CUSTOMER
RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN THE SMEs
SERVICE SECTOR.**

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DATE	ACCESSION	CLASS No
23/01/18	SC 18/985	

A Thesis Submitted in Fulfilment for the degree of

Master of Business Administration



ABSTRACT

This research focused on the customer relationship management practices within the SMEs service sector in Harare. With the increasing need for customer oriented decision making, CRM is increasingly becoming important in businesses of all sizes and nature. The objectives were to assess the CRM practices among SMEs in the service sector in Harare, to establish the association between CRM and customer satisfaction among service sector SMEs, to explore the relationship between CRM and customer loyalty among service sector SMEs, to find out if CRM practices are associated with the size of the firm and to find out if CRM practices are associated with the education of the SME owner/manager. The reviewed literature revealed that most SMEs world over are slowly adapting to dynamics in marketing, including CRM. The research approach involved the selection of participating SMEs firms on convenience sampling basis. The sample size of 66 SMEs was drawn from the Harare population. The Harare's CBD and surrounding areas were used as target clusters. The study was confined to the owners and managers of SMEs in the service sector. A structured questionnaire was the data collection instrument used in the survey. The findings of the research showed that CRM is relevant and applicable to SMEs in Harare. CRM practices appear to be satisfactory in many of the SMEs and there was a good focus on these firms basing their business decisions on customer needs, thereby promising superior value to them and offering services in a personalised way to key customers. Finally, CRM practices are strongly positively correlated to customer satisfaction and customer loyalty and CRM practices were found to be significantly associated with the size of the firm and the educational level of owners/managers. Most findings were supported by some previous findings from other researchers. The research came up with recommendations that may take SMEs in the service sector in particular other sectors in general. The main recommendations put forward were that SME's service sector entities must strive to grow to create momentous capacity to afford modern CRM approaches. It is therefore important for SMEs to persist in getting this vital information and following through with it, thereby keeping in tune with the customers' needs over time, SMEs in the service sector must strive to grow to create momentous capacity to afford modern CRM approaches and Owners/managers of SMEs in the service sector must strive to increase their training and education to appreciate and commandeer CRM activities for the benefit of the organisations. Future studies should consider more scientific sampling methods and widening the sampling frame to include customers.