

An Exploration of the Effect of Customer Relationship Management on Organizational Performance in the Banking Sector

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ABSTRACT

The main objective of this paper is to test the linkages among customer relationship management (CRM) practices and organizational performance in Palestinian banking sector. This research relied on an online survey which was designed for gathering the data from several employees who serve in banking sector. A total of 223 responses were considered valid for data analysis using SPSS and partial least square approach (PLS-SEM). Overall, the findings verified that customer orientation and CRM organization have significant positive effects on organizational performance. The outcomes also confirmed that CRM technology and knowledge management play important roles in affecting organizational performance. These findings reveal that the current business environment requires organizations to continuously monitor and manage customer relationships effectively for achieving their long-range objectives and responding to emerging challenges.

KEYWORDS

CRM Organization, Customer Orientation, Customer Relationship Management, Knowledge Management, Organizational Performance, Technology-Based CRM

INTRODUCTION

Currently in modern business environments and challenging scenarios, the emphasis on maintaining customers has been regarded as the key strategy that shapes all marketing programs. In relation to that, customer relationship management (CRM) has emerged as a crucial marketing strategy for achieving business objectives (Karakostas, Kardaras, & Papathanassiou, 2005). Heinrich (2005) indicated that building successful customer relationships enables an organization to improve its business portfolio and face the intense competition which arises from local and international rivals. The idea about CRM has basically emerged from theory of relationship marketing which can be conceptualized as the process of building, improving, and continuously maintaining successful relational exchanges with customers in an attempt to achieve the desired performance outcomes (Palmatier, 2008). Sin, Tse, and Yim (2005) conceptualized CRM as a comprehensive process and strategy which is basically

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designed to help an organization in identifying, obtaining, maintaining, and nurturing profitable customer relationships. The key principle of CRM is centered on knowing and providing better customer value than competitors through the integration of process, technology, and individuals in the value chain activities. In general, CRM represents an essential organizational process which provides an organization with a greater capability to build long term customer relationships and keep their values on the long term (Srivastava, Shervani, & Fahey 1999).

Knowing how organizations can benefit from building successful customer relationships is very necessary for both scholars and marketing managers (Payne & Frow 2005). Past studies thought about customer relationship management as profoundly reforming the area of marketing and emerging as a component of the new prevailing logics of marketing (Bolton, 2004; Buttle & Maklan, 2019). Researchers have declared that when an organization focuses on leveraging profitable customer relationships, it will have greater abilities to build and sustain its competitiveness in highly dynamic markets (Mithas, Krishnan, & Fornell, 2005; Ryals, 2005). Moreover, Payne and Frow (2005) suggested that, "CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications." For that reason, accumulating the feedback of customers through the acquisition of important data and using it in the CRM system enables an organization to obtain in-depth information about customers' needs and expectations. These insights represent a valuable approach for identifying existing issues and developing organizational products or services to satisfy such needs.

Overall, the growing competitions among all types of business in various regions of the world has urged marketing practitioners and academicians to clearly understand how customer relationships can be maintained and the performance of an organization can be enriched. However, the available empirical literature on customer relationship management has not clearly indicated how it can be measured and what elements explicitly constitute the process of CRM. According to certain scholars (Al-Dmour, Algharabat, Khawaja, & Al-Dmour, 2019; Shugan, 2005), further research is required to comprehend the association among CRM and the performance of organizations. Similarly, Reimann, Schilke, and Thomas (2010) outlined that the CRM's effect on organizational performance remains unclear and different researches yielded different outcomes, depending on the context of research, measurement of CRM, and other cultural factors. In addition to that, there are very limited studies regarding CRM and organizational performance linkages in context of developing countries like Palestine and the Middle East (Kebede & Tegegne, 2018). Some scholars recently commented that CRM has rarely been studied in Islamic banks (Lebdaoui & Chetioui, 2020). Consequently, this paper is mainly conducted for investigating the linkages among various dimensions of customer relationship management and organizational performance in Palestinian banking sector. The following sections present the literature review for this study, followed by is the methodology, analysis of results, and it ends with the conclusion and future research suggestions.

LITERATURE REVIEW

Organizational Performance

Organizational performance represents one of the foremost researched topics in business domain and has attracted the attentions of researchers over past decades. It has been considered the eventual dependent variable for many researchers who conduct studies in the field of management. The growing competition among businesses for attracting customers, improving their inputs, and maximizing their capital resources make organizational performance vital for surviving and succeeding in the contemporary business. Li et al. (2006) conceptualized organizational performance as an organization's evaluation based on its ability in achieving its financial and nonfinancial goals. As the competition between companies in various industries and business markets has been increasing in the recent years,

the assessment of organizational performance has been considered to be important for safeguarding businesses and sustaining their operations. For this reason, the responsiveness towards continuously measuring firm performance is deemed vital (Noble, Sinha, & Kumar, 2002). Every firm sets predetermined objectives for analyzing, evaluating, and measuring its performance. The key purpose of measuring firm performance is directed towards increasing organizational effectiveness and its business process (Neely, 2002).

Generally, organizational performance has been considered to be important for scholars across all domains of research in management. Scholars in accounting and strategy strive for influencing and measuring organizational performance. Similarly, marketing, human resource management, and operations scholars seek to comprehend and increase performance outcomes. To do so, they tend to adopt precise measures for each discipline, for example customer satisfaction, employee satisfaction, and productivity level (Chenhall & Langfield-Smith, 2007). Past studies employed different approaches for conceptualizing, measuring and assessing firm performance. Randolph and Dess (1984) regarded an organization's performance as a concept that consists of multidimensions which cannot be solely reflected in a single component. Richard, Devinney, Yip, & Johnson (2009) also indicated that firm performance could be assessed using three main indicators, namely: financial performance which includes profit margins, return on assets (ROA), and return on investment (ROI); market performance of a product that is comprised of sales volume and the market share; and shareholder's return which involves the added economic value and the total return of shareholders. However, the most commonly known methods for evaluating organizational performance include sales growth, business market share, ratio of profitability, the return on investment, and customer satisfaction (Ledwith & O'Dwyer, 2009; Richard, Devinney, Yip, & Johnson, 2009).

Customer Relationship Management

In literature, customer relationship management has largely been emphasized as an important strategy for collecting, analyzing, and comprehending necessary information about customers and utilizing such information for making better marketing decisions (Rajput, Zahid, & Najaf, 2018). In today's challenging business environment, firms are supposed to develop and maintain their relationships with existing and potential customers for improving their profit margins and responding to competitors' strategies (Coltman, Devinney, & Midgley, 2011). Shukla and Pattnaik (2019) conceptualized CRM in their study as a marketing process and strategy in which its objective is centered towards obtaining, maintaining, and mutually collaborating with profitable customers in an attempt to serve them better than competitors and generate valuable benefits from them in return. CRM implementation encompasses the ability to integrate supply chain activities, customer service, sales, and marketing programs for ensuring organizational effectiveness and efficiency in providing superior customer value. In other words, CRM represents a timely strategic priority for managing customer relationship through obtaining important data and using it for making the right decisions. By having the right application and software of CRM, an organization will be ready to react to emerging challenges and have better abilities to manage customer database, rely on it for analyzing and predicting the behaviours of customers, and integrate it in shaping the future marketing strategy. Therefore, CRM provides businesses with greater insights about their customers and enable them to improve their performance on the long term.

Consistent with the resource based view (RBV) perspective, CRM is regarded as an important organizational resource which provides an important contribution to organizational performance. CRM is primarily developed by organizations for the purpose of successfully managing their interactions with customers and getting better understanding about their characteristics and needs (Lindgreen & Antioico, 2005). Wang and Feng (2012) declared that CRM effectiveness can be determined based on the knowledge, capabilities, and skills of employees in an organization in forming, maintaining, and strengthening the relationships with different types of customers and serving them better than competitors. Additionally, CRM provides an organization with better abilities for establishing

favourable customer experiences through appropriate and timely information that is needed for managing its activities. Previous studies found that customer relationship management capability had a direct effect on organizational performance (Rajput et al., 2018; Soltani, Zareie, Milani, & Navimipour, 2018). Ullah, Iqbal, and Shams (2020) also established that CRM represents an important approach for learning important information about customers and creating superior value for them by setting appropriate business strategies, which ultimately lead to favourable performance outcomes. The authors added that through CRM, organizations can acquire accurate information and insights about their customers and then utilize such knowledge for adjusting their offerings to fulfil different needs and expectations.

Moreover, prior researches employed contingency theory (Mumuni & O'Reilly, 2014; Miller, 1996) for explaining the linkages between CRM and organizational performance. They revealed that designing effective organizational structures, processes and procedures within firms enable them to improve their performance. In the existing literature, CRM has been viewed as a construct that is mainly composed of four comprehensive behavioral components. The most commonly used elements in previous studies for measuring customer relationship management include customer orientation, CRM organization, knowledge management, and technology based CRM. These elements have been integrated for measuring CRM as posited in the theory of relationship marketing and similar prior researches (Akroush et al., 2011; Bhat & Darzi, 2016; Sin et al., 2005). For this reason, CRM in this paper is measured using the stated dimensions. Each of these dimensions is explained in the following paragraphs. Besides that, their linkages with firm performance based on the findings of prior studies are presented.

Customer orientation exists when a company directs its efforts and priorities towards the best interests of customers in order to provide them with greater values (Cai, 2009). In successful organizations, customers are strategically considered as the key focus for business operations (McEachern & Warnaby, 2005). The emphasis on customers occur through creating linkages between customer needs, brand satisfaction, and customer loyalty (Bill & O'Toole, 2002; Sousa, 2003). Kim (2008) outlined that the effective implementation of CRM can be observed through an organization's ability to be customer oriented. Through emphasizing on customers' orientation and directing business activities towards meeting their needs and expectations, customers prefer to hold with the brand, buy more, and thus improve brand value. Kalakota, Robinson, and Tapscott (2000) argued that businesses can succeed in the current competitive environment when they set their strategies towards focusing on searching for profitable customers and retaining them. They added that CRM practices are vital for ensuring the delivery of greater customer value, maintaining customers and establishing strong relationships with them. Nasution and Rafiki (2018) found that customer orientation affected organizational performance. Similarly, prior studies (Bhat & Darzi, 2016; Kebede & Tegegne, 2018; Nasution & Rafiki, 2018; Pousa & Mathieu, 2014) confirmed that improved focus on key customers and relationship marketing resulted in higher firm performance. Hence, in light of the literature presented, the first hypothesis is suggested as follows:

H1: Customer orientation has a positive effect on organizational performance.

Furthermore, knowledge was viewed in the literature as a valuable organizational asset and represents an important component of CRM (Stefanou, Sarmaniotis, & Stafyla, 2003). Customer knowledge management is essential for every organization to collect, manage and disseminate important knowledge about customers (Salojärvi, Saarenketo, & Puumalainen, 2013). Certain scholars stated that knowledge about customers is important for the application of CRM to ensure its success (Bose & Sugumaran, 2003; Javalgi, Martin, & Young, 2006); this is because it can be used as a primary master plan for building favourable relationships among the employees and potential or existing customers (Nguyen et al., 2007). Cheng and Fu (2013) stated that organizations could obtain

greater understanding about customers' needs, expectations and preferences through the use of data mining/warehousing to knowledge databases, which will help them in designing effective marketing strategies. By generating knowledge about customers, organizations can effectively use the knowledge to enhance their competitiveness. Past studies verified that knowledge management positively affected firm performance (Fugate, Stank, & Mentzer, 2009; Kebede & Tegegne, 2018; Meher & Mishra, 2019; Mohammad et al., 2013). An enriched knowledge about the needs of customers also improves brand loyalty and business process which represent key priorities for a firm's competitiveness (Sousa, 2003). Hence, based upon this discussion, the second hypothesis is postulated as follows:

H2: Knowledge management has a positive effect on organizational performance.

CRM organization has also been viewed as an important element of customer relationship management. It represents a systematic approach which involves necessary changes in an organization through organizing and conducting various business processes targeted towards satisfying customers and company employees (Sin et al., 2005; Sofi, Bashir, Parry, & Dar, 2020). When a firm organizes the operations of CRM activities by taking into consideration different customer groups, it can allocate direct accountability, be up-to-date of shifting customer anticipations for diverse markets, and get timely information about customers who may switch to other competitors. In designing the organizational structure, the firm should be flexible and ready to construct it in a manner that can deliver superior customer value and improve business performance (Homburg, Workman, & Jensen, 2000). According to contingency theory, the performance of a firm can be increased through designing an appropriate organizational structure (Reinartz et al., 2004). Through efficient organizational structure, the firm can design CRM applications in all of its departments in order to collectively pool resources and team up towards the accomplishment of its long term goals. It can also create lasting customer relationships to generate greater values in return (Aliyu & Nyadzayo, 2018; Hong-kit Yim et al., 2005). In order to ensure a greater organizational structure efficiency, certain scholars recommended to incorporate high performing teams, multifunctional group of segments and customer centered units (Osarenkhoe & Bennani, 2007; Hong-kit Yim et al., 2005; Sardanelli, 2020). In the prior literature, a number of studies confirmed positive association between CRM organization and firm performance (Kebede & Tegegne, 2018; Mohammad et al., 2013; Soltani et al., 2018). Hence, the discussion leads towards the following hypothesis:

H3: CRM organization has a positive effect on organizational performance.

Technology is also regarded as CRM's key element. CRM technology consists of the computer technologies which can be employed by firms for developing and maintaining profitable connections along customers over the long term (Buttle & Maklan, 2019; Rafiki, Hidayat, & Razzaq, 2019). According to Lebdaoui and Chetoui (2020), technology-based CRM encapsulates possible solutions in information technology constructed to improve CRM process. They added that generating a centralized customer database represents a key part of CRM practices. Moreover, the tools of data mining for CRM enable a firm to increase its comprehension of consumers' behaviours and create products and services to meet their needs. Mohammed et al. (2014) revealed that, through using information technology effectively the productivity of employees and service quality tend to be improved and customers are likely to be more satisfied. These views are in line with that of Buttle and Maklan (2019) who outlined that computer technologies for instance computer-aided design, CRM software, manufacturing system flexibility, and just-in-time production databases enable an organization to manage customer data and interaction. The authors clearly stressed that CRM systems cannot be implemented successfully without the adoption of information technology. Prior researches

also confirmed that technology based CRM positively impacted firm performance (Kebede & Tegegne, 2018; Mohammad et al., 2013; Soltani et al., 2018). Hence, the fourth hypothesis for this study is proposed as follows:

H4: Technology based CRM has a positive effect on organizational performance.

METHODOLOGY

The main purpose of this research is centered upon investigating CRM's impact on bank performance in Palestinian context. For examining the hypotheses presented in the literature review section, a quantitative survey was employed for collecting the data. According to Leedy and Ormrod (2005), the quantitative survey method is well-thought-out as the most proper method for learning about the linkages between variables in an attempt to predict, explain, and manage a particular phenomenon. Creswell (2009) also added that the quantitative approach is suitable for analyzing and proving existing theories, exploring important factors for future studies and relating factors modelled in hypotheses or questions, by examining the reliability and validity through different statistical tests. For accomplishing the study's purpose, several banks in Palestine were considered for data collection. The nature of banking industry drives all banks to be customer oriented and implement CRM programs in various ways. Targeted respondents of this study included employees in marketing, sales, information technology, CRM, and customer service departments, in addition to other managers who had direct involvement in the process and activities of implementing CRM and assessment of performance in Palestinian private banks.

The rationale for selecting the employees to participate in answering the survey is based on their direct contact with guests and knowledge about CRM system that is used and adopted in their organizations. This is in line with past empirical researches conducted in the similar line (Akroush et al., 2011; Plakoyiannaki, 2005; Osarenkhoe & Bennani, 2007). Moreover, certain scholars (Payne & Frow, 2006; Osarenkhoe & Bennani, 2007) established that the implementation of CRM calls for an interdepartmental approach instead of focusing on a CRM department approach only. The key foundations of an interdepartmental approach entail that the CRM implementation requires the integration among multiple departments with and between other divisions in contemporary firms. Hence, several participants from ten major private banks were approached for answering the survey as they had a direct involvement in the process of CRM in various ways. Further, only private banks were included in the study since there were no public banks in Palestine during data collection period.

In the present study, the data was gathered using online questionnaire. The advantages of online survey appear through the ability to reach the respondents at any time during the day and flexibility for answering the survey at their convenient time. To ensure that the desired sample size could be obtained, the survey was administered to the respondents through convenience sampling method to obtain the necessary data. Overall, a total of 223 responses were obtained from the participants and used for data analysis. The designed questionnaire was comprised of questions about the elements of CRM and organizational performance measures. The questions about organizational performance measures were taken from the study of Mohammad et al. (2013). Moreover, CRM dimensions which were explored in the questionnaire are comprised of customer orientation (5 items), CRM organization (5 items), knowledge management practices (5 items), and technology based CRM (4 items). All of the measurement scales for CRM dimensions were adapted from the study of Mohammad et al. (2013) and Akroush et al. (2011). A five-point Likert scale that ranges from (1) strongly disagree to (5) strongly agree was employed to measure the selected items and obtaining the desired information. All of the collected data was inserted and coded using SPSS, and then analyzed by PLS-SEM.

ANALYSIS OF RESULTS

Out of 223 respondents who took part in answering the online survey, the results shown in Table 1 indicate that 68.7 percent were represented by males while 31.3 percent were females. 33.4 percent of the participants were aged from 18 to 30 years, 42.7 aged between 31 and 40 years, 16.1 percent came in the age category of 41 to 50 years, and the rest (6.9 percent) were aged from 51 years and above. About 76.5 percent of the participants had an undergraduate qualification, followed by 15.2 percent of them acquire Postgraduate qualification, while only 8.3 had Diploma qualification. Furthermore, the descriptive statistics showed that most of the participants had a work experience between 5 and 10 years in banking sector.

For each variable, in order to assess the reliability and internal consistency among its items, the Cronbach's alpha value was calculated. Overall, the results revealed that the values for all variables were higher than 0.7, and this confirmed that all of the measurement items met the reliability assumptions. Moreover, Hair et al. (2013) suggested that one could use composite reliability as another way for proving and supporting the internal consistency and reliability on a set of measures, in which its threshold value is 0.7. Based on the analysis, it was found that the composite reliability also exceeded 0.7 for all constructs; and this indicated that the composite reliability was achieved (see Table 2). After fulfilling the reliability assumption, discriminant validity was verified in order ensure that measurement items of each construct are differentiated from those of others in the model. The main purpose of discriminant validity is to verify that the measures of selected constructs do not overlap. Furthermore, discriminant validity was established to affirm the construct validity for the outer model. The discriminant validity test was conducted with reference to the formula developed by Fornell–Larcker (1981), which posits that the AVE for each variable must be higher than the maximum squared correlation of the values with another variable. Table 3 as such portrays that all of the selected constructs had managed to fulfil this criterion.

PLS-SEM was utilized throughout the analysis in this study for examining the goodness of fit among the measurement scales and to establish construct validity among all constructs. Prior to verifying the hypotheses which were proposed in the literature review section, the PLS-SEM approach was employed for assessing the measurement model shown in Figure 1. To do so, this study

Table 1. Respondents' Profile

| Category | | Percent |
|----------------------------|---------------|---------|
| Gender | Male | 68.7 |
| | Female | 31.3 |
| Age (years) | 18-30 | 33.4 |
| | 31-40 | 42.7 |
| | 41-50 | 16.1 |
| | 51 or above | 6.9 |
| Level of Education | Diploma | 8.3 |
| | Undergraduate | 76.5 |
| | Postgraduate | 15.2 |
| Working Experience (years) | Below 5 | 27.7 |
| | 5-10 | 32.5 |
| | 11-15 | 31.4 |
| | Above 15 | 8.4 |

Table 2. Factor Loadings and Reliability Analysis

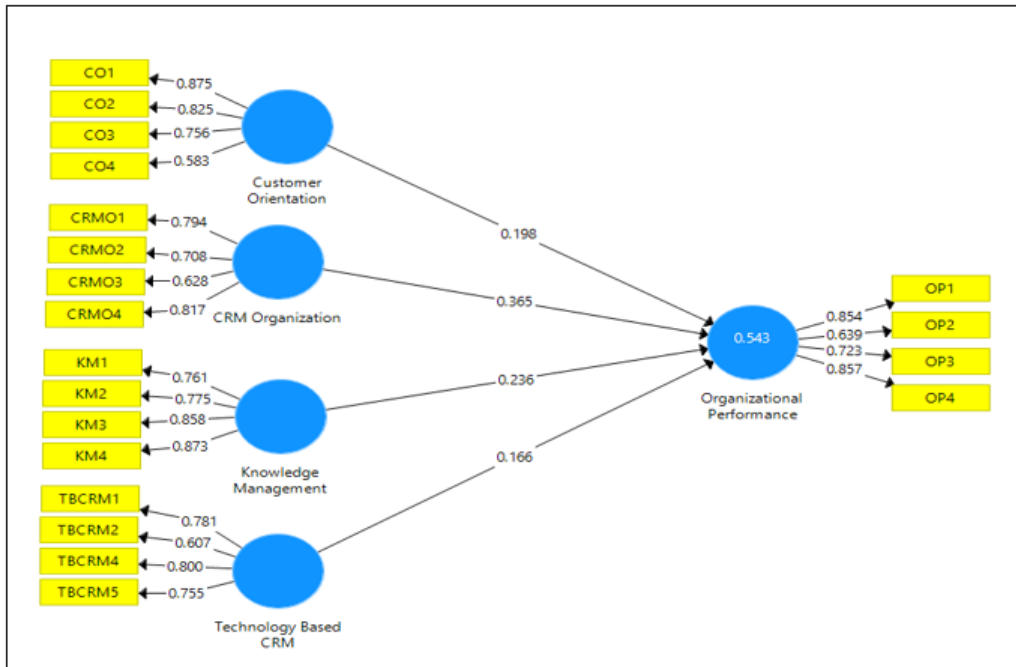
| Construct | Items | Loadings | Cronbach's Alpha | Composite Reliability | AVE |
|----------------------------|--------|----------|------------------|-----------------------|-------|
| Customer Orientation | CO1 | 0.875 | 0.769 | 0.849 | 0.589 |
| | CO2 | 0.829 | | | |
| | CO3 | 0.756 | | | |
| | CO4 | 0.583 | | | |
| Knowledge Management | KM1 | 0.761 | 0.847 | 0.890 | 0.669 |
| | KM2 | 0.775 | | | |
| | KM3 | 0.858 | | | |
| | KM4 | 0.873 | | | |
| CRM Organization | CRMO1 | 0.794 | 0.726 | 0.828 | 0.548 |
| | CRMO2 | 0.708 | | | |
| | CRMO3 | 0.628 | | | |
| | CRMO4 | 0.817 | | | |
| Technology Based CRM | TBCRM1 | 0.781 | 0.728 | 0.827 | 0.547 |
| | TBCRM2 | 0.607 | | | |
| | TBCRM3 | 0.800 | | | |
| | TBCRM4 | 0.755 | | | |
| Organizational Performance | OP1 | 0.854 | 0.777 | 0.855 | 0.599 |
| | OP2 | 0.639 | | | |
| | OP3 | 0.723 | | | |
| | OP4 | 0.857 | | | |

Table 3. Discriminant Validity

| | CRM Organization | Customer Orientation | Knowledge Management | Organizational Performance | Technology Based CRM |
|----------------------------|------------------|----------------------|----------------------|----------------------------|----------------------|
| CRM Organization | 0.741 | | | | |
| Customer Orientation | 0.451 | 0.768 | | | |
| Knowledge Management | 0.598 | 0.184 | 0.818 | | |
| Organizational Performance | 0.681 | 0.475 | 0.517 | 0.774 | |
| Technology Based CRM | 0.516 | 0.419 | 0.158 | 0.475 | 0.740 |

relied on a two steps approach in following the recommendations by Anderson and Gerbing (1988) as deliberated in the subsequent sections: first, the convergent validity which refers to the extent to which the group of items converge for assessing a construct (Hair et al., 2010) was established. Hair et al. (2010) suggested that three criteria should be simultaneously verified in order to confirm convergent validity, and this includes assessing factor loadings, AVE, and composite reliability. In general, factor loadings for all measurement items in the model exceeded 0.5 (see Table 2), and this indicates an adequate level as specified in the literature on multivariate analysis by Hair et al. (2010).

Figure 1. Measurement Model



Secondly, convergent validity was assessed based on CR criterion which is conceptualized by Hair et al. (2010) as an extent to which a group of items consistently represent a certain latent construct. The statistical tests showed that the Cronbach's alpha's values and CR met the assumption. Specifically, the Cronbach's alpha values ranged from 0.726 to 0.847. Consequently, these findings reveal satisfactory convergent validity for the outer model.

After achieving a good fit for outer model, the subsequent step was verifying the proposed hypotheses concerning CRM dimensions and organizational performance. Through Smart PLS-SEM, the bootstrapping technique and PLS algorithm were run for testing hypothesized model. The statistical results of path coefficients (see Table 4) reveal that the coefficient value for customer orientation upon organizational performance (H1) is 0.198 with a t-value of 3.017, thus suggesting that customer orientation has a significant positive impact over organizational performance. Moreover, the coefficient value for knowledge management on organizational performance (H2) is 0.236 with a t-value of 2.393, hence indicating that knowledge management also has significant positive impact over organizational performance. Next, the coefficient for CRM organization reveal a significant (t-value = 3.476 < 0.05) and positive ($\beta = 0.365$) effect on organizational performance (H3). Finally, the results indicate that the path coefficient value for technology based CRM on organizational performance (H4) is 0.166 with a t-value of 1.975, which means that CRM technology has an important part in affecting organizational performance. All of the dimensions of CRM explain 54% of variance in organizational performance.

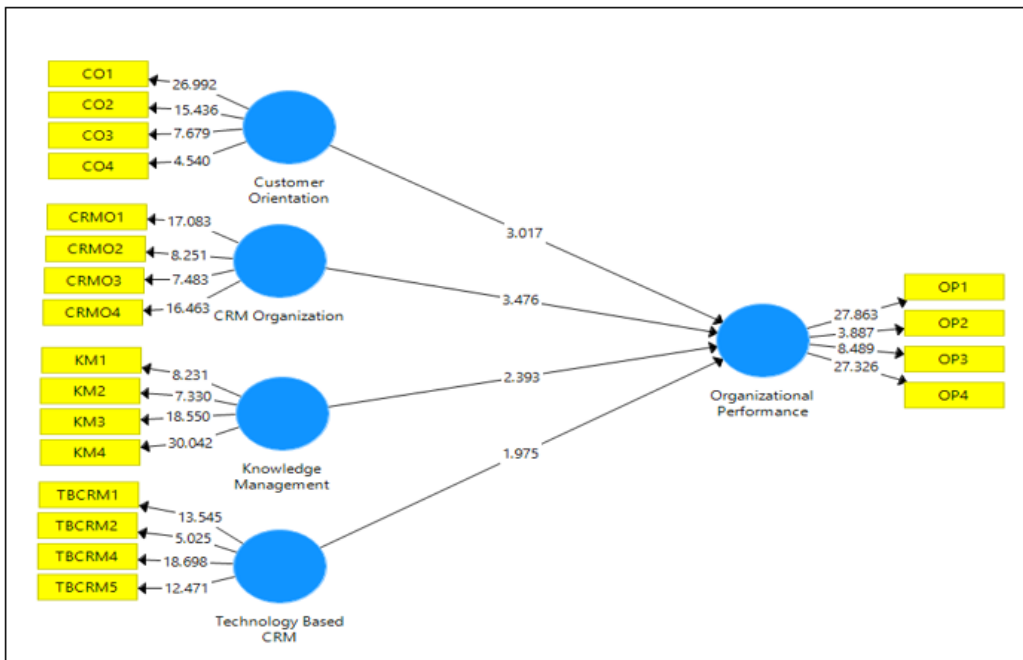
DISCUSSION AND CONCLUSION

This study was conducted in an attempt to investigate the impact of CRM dimensions over banks' performance in Palestine. The findings confirmed the positive impact of customer orientation on bank performance. This result is supported by previous studies (Sa, Choon-Yin, Chai, & Joo, 2020;

Table 4. Results of Hypotheses

| Hypothesis | | | Path Coeff. | Std. Dev. | T-Statistics | P-Value |
|----------------------|---|----------------------------|-------------|-----------|--------------|---------|
| Customer Orientation | → | Organizational Performance | 0.198 | 0.065 | 3.017 | 0.003 |
| Knowledge Management | → | Organizational Performance | 0.236 | 0.099 | 2.393 | 0.017 |
| CRM Organization | → | Organizational Performance | 0.365 | 0.105 | 3.476 | 0.001 |
| Technology Based CRM | → | Organizational Performance | 0.166 | 0.084 | 1.975 | 0.049 |

Figure 2. Structural Model



Ziggers & Henseler, 2016; Mohammad et al., 2013) which confirmed that key customer focus plays an important role in affecting organizational performance. This means that being customer oriented by directing organizational resources towards fulfilling the changing needs and expectations of various customers should be the main priority for the managers in banking and financial sector. Fan and Ku (2010) highlighted that when an organization’s employees focus on providing a pleasing customer service, the customer oriented image of the organization will be fostered, and this as a result improves the performance and profitability outcomes. Customer oriented organizations frequently conduct prior marketing research to understand customers’ needs before introducing any product or service. Besides that, customers compare between different brands before making any decision and usually select those that provide them with the greatest values. Therefore, satisfying customers would reflect on repurchase behaviors, increased sales volumes, and overall business performance.

Furthermore, the findings revealed a positive influence of knowledge management on bank performance. This result could also be supported through findings of other past studies (Akroush et al., 2011; Iqbal, Latif, Marimon, Sahibzada, & Hussain, 2019; Mohammad et al., 2013; Zaim, Muhammed,

& Tarim, 2019) which concluded that knowledge management enabled organizations to improve their performance. Instead of emphasizing only on offering distinct benefits to customers, firms are also required to focus on continuous learning about their customers by frequently gathering, storing, and updating important information with regards to their characteristics and preferences (Kim, Choi, Qualls, & Park, 2004). Hence, the finding of this study will increase managers' awareness towards knowledge management in banking sector, and help them in nurturing their business performance and competitiveness. Moreover, corporate managers can use knowledge management as an operational mechanism to improve internal quality control of their businesses as it could enable them to disseminate important data about customers to make better strategic decisions (Fugate et al., 2009).

The results also verified that CRM organization acts as a critical source of bank performance. This is in agreement with the existing research on CRM organization and organizational performance linkages (Garrido-Moreno & Padilla-Meléndez, 2011; Kebede & Tegegne, 2018). Hong-kit Yim et al. (2004) contend that when a greater emphasis on important customers is embedded in the CRM system of a firm, the whole firm is structured in a way that it can ensure the cultivation of valuable customer relationships. Mohammad et al. (2013) added that for successfully implementing CRM in any firm, organizational structure and processes should be redesigned and aligned; all staff members should participate in the CRM process, and the change should also be planned accordingly. For instance, forming a group of teams for managing CRM process can be done through broad coordination and integration among employees from different departments in the organization in an attempt to improve customer value and organizational effectiveness. The team-based structure may involve cross-functional teams, customer-centered teams, and process teams (Sheth, Sisodia, & Sharma, 2000; Ryals & Knox, 2001). Overall, the result presented herein indicate that the main idea for effectively making an organization successful in addressing CRM, it should take into consideration its structure and increase its commitment towards employing organizational resources including human resources to implement the system.

Finally, the results showed an evidence through the statistical test of hypotheses for the critical role of technology based CRM as a key driver of organizational performance. This result is also in line with other prior investigations (Akroush et al., 2011). According to Bahri-Ammari and Nusair (2014), an organization which implements CRM technology successfully tends to have greater marketing capabilities, and ultimately attains superior performance over competitors. In addition to that, when an organization frequently uses an advanced IT software and infrastructure, it obtains several advantages that can be observed through higher economic returns and ability to set better competitive strategies (Aydiner, Tatoglu, Bayraktar, & Zaim, 2019; Kumar, 2004). This is due to the fact that CRM is implanted in the group of capabilities, through which none of them is solely superior, rather when pooled with relevant capabilities and other resources in the organization, it can contribute to organizational performance significantly. Furthermore, using information technology is very important for automating the touch-points of customers to obtain the necessary data and interpret it in the right way. Based on the result, it is proposed that the managers in banking sector should utilize information technology for managing customer relationships and differentiating themselves through smart technologies to achieve business objectives and effectively respond to competition.

Although this research pays useful contribution towards academic literature, yet there are few limitations which must be taken into consideration for future studies. First, customer relationship management was measured from employees' perspective, therefore, future studies are recommended to target individual customers for analyzing their perceptions towards customer relationship management practices. Additionally, the data was gathered via survey instrument; hence, future research could employ different methodologies to obtain greater insights. Moreover, the sample size employed during data collection may not be large enough, thus, future studies could rely on larger sample sizes to obtain greater understanding about CRM and firm performance linkages. Last but not least, this study relied on convenience sampling for obtaining the desired data from respondents; consequently, future studies are recommended to use probability sampling methods.

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