Influence of Firm Characteristics on the Relationship between Customer Relationship Management Practices and Performance of Large-Scale Manufacturing Firms in Kenya

M/S Lydia K. Mwai[1*] Prof. Justus M. Munyoki[2] Dr. Joseph O. Owino[2] Dr. James M. Njihia[2]
1.School of Business, Dedan Kimathi University of Technology
2.School of business, University of Nairobi

Abstract
The objective of the research was to measure the influence of firm characteristics on the relationship between customer relationship management practices and performance of large-scale manufacturing firms in Kenya. To establish this objective, two objectives focusing on financial and non-financial performance were set and corresponding hypotheses formulated. The population of the study comprised large-scale manufacturing firms that were members of the Kenya Association of Manufacturers (KAM). A descriptive cross-sectional survey was used. The data analyzed was obtained through a structured questionnaire. To test the influence of firm characteristics on the relationship between customer relationship management practices and firm performance regression analysis was used. The findings indicated that the moderating influence of firm characteristics on CRM practices and firm performance was only found to be statistically significant on non-financial performance and not statistically significant on the association between CRM practices and financial performance. Further, the interaction of CRM practices and firm characteristics on non-financial performance was statistically significant. One major contribution of this investigation is that CRM practices and firm characteristics account for significant variation in non-financial performance. Further, the findings of the study support the theoretical link between CRM practices, firm characteristics and performance.

Acknowledgement
I would like to thank God for his providence, his faithfulness and for seeing me through completion of my Ph.D. program. I sincerely thank my University Supervisors; Prof. Justus Munyoki, Dr. Joseph Owino and Dr. James Njihia, their insightful contributions, critique and patience moudlded my academic reading, thinking and writing. Special thanks to my family for their patience encouragement and prayers.
Keywords: Customer relationship management, firm characteristics, performance, large-scale manufacturing firms

1.1 Background

Building a superior customer relationship management capability that involves creating and enhancing close customer relationships is considered to be one of the most significant sources of superior firm performance in today's competitive business environment (Day, 2002). Payne and Frow (2005) points out that CRM is widely seen as a rounded methodology of handling customer relationships and to generate shareholder value and further asserts that the terms CRM and relationship marketing are used interchangeably. Based on the analysis of the customer relationship literature, CRM implementation ordinarily encompasses four specific ongoing undertakings: customer centric organization configuration (Homburg, et al., 2000); managing knowledge through a comprehensive customer database and integration of customer information (Stefanou, et al., 2003): focusing on key customers (Vandermerwe, 2004); and the use of customer relationship management-based technology to manage customer contact platforms, analyze customer information and access customer information. Kotler and Armstrong (2004) assert that greater client relationship competence will be realized after these dimensions of customer relationship management work in harmony as a unit.

According to O'Sullivan et al. (2009), firm characteristics such as business age, measured by the cumulative number of years that the organization has been in existence; size of the firm measured by the total number of employees; and the firm's ownership structure have been used to measure the influence of firm characteristics on firm performance. Performance measurement plays an imperative role in translating an organization's strategy into desired actions and results (Kaplan & Norton, 2001). Performance has been identified and equated with effectiveness and efficiency (Rantanen & Holtari, 2000) and scrutinized through the angles presented in diverse frameworks, such as balanced score card which include; monetary, consumer, procedure and learning/growth which incorporates stakeholder fulfillment, tactics, procedures, competences and stakeholder input (Kaplan and Norton, 2001). In addition, Lusthaus et al. (1999) proposed the organizational assessment (OA) framework to measure performance and suggested that performance can be measured on effectiveness, efficiency, relevance and financial viability dimensions.

Empirical evidence reveals mixed findings on firm characteristics and performance relationship. A study by Kinoti (2012) established a moderating effect of organizational characteristics measured in terms of age and size of the firm and type of industry and ownership on the corporate image and performance of ISO 9000 and 14000 certified firms in Kenya. In addition, an investigation on ownership arrangement and organizational performance of fifty biggest Iranian listed firms from Tehran Stock Exchange established a positive connection between type of firm ownership and performance (Babu & Barzegar, 2008). On the contrary, a study by Thuo (2010) to establish the connection between CRM and competitiveness of banks operating in Kenya, observed that features like age and size of an organization did not directly influence competitiveness of banks nor moderate the CRM and marketing productivity. The empirical research presents mixed results on the moderating effects of firm characteristics and therefore the need to conduct an empirical study utilizing elaborate CRM implementation practices in other sectors.

This study had the following objectives

i. To establish the influence of firm characteristics on the relationship between customer relationship management practices and non-financial performance of large-scale manufacturing firms in Kenya.
ii. To establish the influence of firm characteristics on the relationship between customer relationship management practices and financial performance of large-scale manufacturing firms in Kenya.

2.1 Theoretical and Empirical review

2.1.1 Dynamic Capabilities Theory

The study was based on the dynamic capabilities theory which is an extension of the resource-based view (RBV) theory of the firm. The theory discusses the flaws of the resource based view theory. The RBV theory has been critiqued for failing to account for environmental dynamism and how firms should react when faced with obsolescing resources. The dynamic capabilities theory asserts that the core of dynamic capabilities line of attack is that competitive attainment ascends from the unceasing growth, alignment and reconfiguration of firm's specific assets (Teece, 2006). The dynamic capabilities enable business enterprises to create, develop and protect those intangibles assets that lead to lasting existence and life of the organization.

The dynamic capabilities theory argues that resources and capabilities are constantly being developed inside the organization. Subsequently, Barney (1991) opines that firms resources are all possessions, competences, organizational practices, business features, information knowledge among others controlled by the business that allow the business to comprehend and apply tactics that progress its competence and effectiveness. Relationships generally are deliberated to be the resources of the firm (Hall, 1992) and hence customer relations, in particular, can similarly be regarded as a weighty resource which can significantly influence the performance of the firm. Capabilities that deliver ways of adjusting to the changes in the business environment include consumer demands, advent of novel markets and competitive variations (Sinkula et al., 1997). The theory has been critiqued for having confusing definitions that make it difficult to capture the constructs (Winter, 2003).

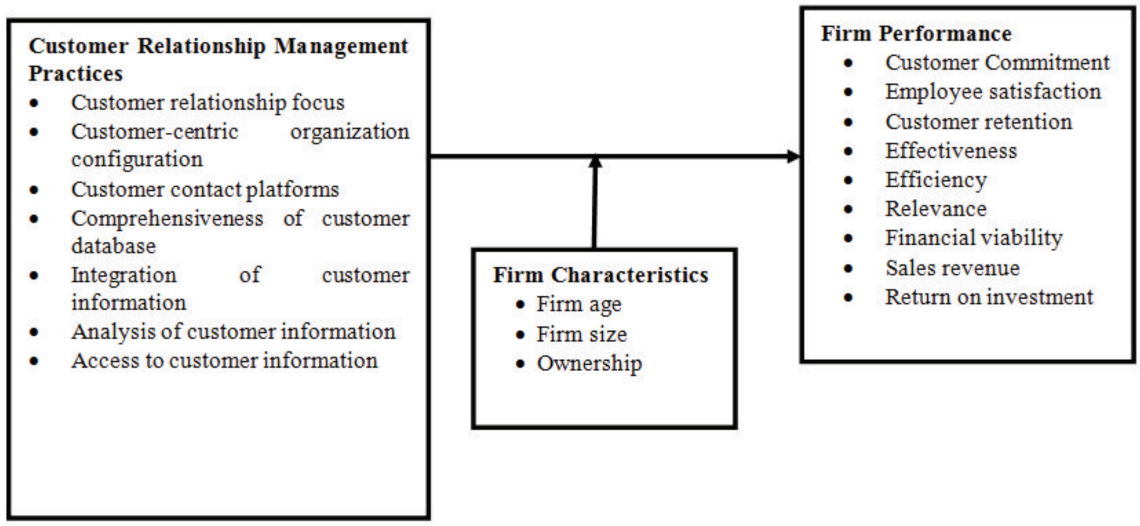
2.1.2 Customer Relationship Management Practices, Firm Characteristics and Firm Performance

Firm characteristics tend to give an organization, distinctive or comparative advantage over competitors, because it enables them to display uniqueness that cannot be easily replicated by competitors. Consequently, adopting CRM tends to give a firm distinctive or relative advantage over competitors because it facilitates effective communication with customers and in understanding their needs and wants (Gronroos, 2000). Ang and Buttle (2006) carried out a study on 732 Australian companies of different sizes and industries and established that bigger firms are considerably more probable to use CRM software to assist in customer acquirement, retention and improvement than smaller companies due to the sheer magnitude of their customers.

Empirical evidence reveals mixed findings on firm characteristics and performance relationship. A study by Kinoti (2012) established a moderating effect of organizational characteristics measured in terms of age and size of the firm and type of industry and ownership on the corporate image and performance of ISO 9000 and 14000 certified firms in Kenya. Similarly, another study by Olowokudejo et al. (2013) established that organizational characteristics had an intervening influence on the relationship between CRM and organizational performance in the Nigerian insurance industry. In addition, an investigation on ownership arrangement and organizational performance of fifty biggest Iranian listed firms from Tehran Stock Exchange established a positive connection between type of firm ownership and performance (Babu & Barzegar, 2008). On the contrary, a study by Thuo (2010) to establish the connection between CRM and competitiveness of banks operating in Kenya, observed that features like age and size of an organization did not directly influence competitiveness of banks nor moderate the CRM and marketing productivity. The empirical research presents mixed results on the indirect and direct influence of firm characteristics on the relationship between CRM and firm performance and therefore the need to conduct an empirical study utilizing elaborate the effects of firm characteristics on this relationship

2.2 Conceptual Framework

The model is presented in terms of the relationship between CRM practices and firm performance. CRM practices element is conceptualized as the independent variable and firm performance is conceptualized as the dependent variable. The conceptual framework shows the direct and indirect relationships among CRM practices, firm characteristics and organizational performance. Firm characteristics are hypothesized as having a moderating influence on the association between CRM practices and firm performance as shown in figure 1.



Hypotheses

The following two hypotheses were tested:

H_1: Firm characteristics have a statistically significant moderating effect on relationship between customer relationship management practices and non-financial firm performance

H_2: Firm characteristics have a statistically significant moderating effect on relationship between customer relationship management practices and financial firm performance

3.1 Methodology

The current study was guided by positivism research philosophy which involves testing of empirical hypotheses that are formulated on predictions of objective phenomena and also enables the operationalization of various hypotheses and generalization of the results. The study adopted a descriptive, cross-sectional survey. Denzin and Lincoln (2003) contend that cross-sectional research is appropriate in situations where the main objective of the study is to establish whether substantial associations among the study variables exist at one point in time. The descriptive research design is considered appropriate for this study as it allows for collection of data from samples and drawing of objective conclusions (Cooper & Schindler, 2006).

The target population of the research comprised large-scale manufacturing firms in Kenya that were registered members of the Kenya Association of Manufacturers (KAM) for the year ended 2014. According to KAM (2015) five hundred and thirteen (513) firms are categorized as large-scale. The study adopted stratified sampling which permitted for making of probability centered on confidence estimates of various parameters (Cooper and Schindler, 2003).

The formula recommended by Israel (2009) was used to establish the sample size.

$n = N/1+N\ (e)^2$

Where:

n= Sample size,

N= Population size,

e = Error term (0.05)

$n= 513/1+513(0.05)^2$

n= 225

The sample size for the present study was two hundred and twenty five (225) large-scale manufacturing firms. Proportionate random sampling technique was applied to pinpoint the sample from each stratum.

Data that was used in the study was sourced from primary and secondary sources. Secondary data, principally five year historical data on firm performance was obtained from firm yearly reports, workplace handbooks, circulars, strategy papers, company plans. This is for the reason that the standard forecasting sequence at strategic level is five years. Secondary data was used to measure financial performance of the manufacturing firms and to test the relationship among independent variables and financial performance. The study used a semi-structured questionnaire to gather primary data. The target respondents were top managers of large-scale manufacturing firms in Kenya. The questionnaire targeted the Chief Executive Officer, Marketing Managers, Finance Managers and Strategy Managers of the targeted firms. Only three respondents were targeted in the sampled firms to fill the questionnaire. Aggregated individual scores were used to decrease source response bias.

The data collected was first cleaned, coded and analyzed using Statistical Package for Social Sciences (SPSS). In order to investigate the pattern of connections between the variables of CRM practices, firm characteristics and firm performance was employed. The general formula for predicting the influence of firm characteristics on the association between CRM practices and firm performance was presented by the model below:

$y= \beta_0+\beta_{21}CM +\beta_{22}FC+ \beta_{23}Z+\varepsilon_2$

y= Composite score of performance
CM= Composite score for CRM practices
FC=Composite score for Firm Characteristics
Z= Interaction term of CRM practices and firm characteristics
$\beta_{0=}$ Regression constant, β_{21}.......$\beta_{23=}$ Regression coefficients
ε_2= error term

3.2 Response Rate

Out of the 225 questionnaires distributed to the respondents, a total of 179 questionnaires were returned. However three questionnaires were incomplete and were not used in the analysis. Thus, the total number of analyzable questionnaires were 176 bringing the response rate to 78 percent. The response rate was adequate for precision and confidence required in research.

3.3 Organizational Demographics

3.3.1 Ownership Structure of the firm

The respondents were asked to indicate the ownership structure at three levels: fully locally owned, fully foreign owned and jointly Kenyan and foreign owned. Table 1 presents the findings on ownership structure of the firm.

Table 1: Ownership Structure of the Firm

Type of Ownership	Frequency	Percent
Fully locally owned	65	36.9
Fully foreign owned	14	8
Jointly Kenyan and foreign owned	97	55.1
Total	**176**	**100.0**

Source: Primary data

As shown in Table 1, 55.1 % of local large-scale manufacturing firms are jointly locally and foreign owned while 36.9 % are fully locally owned while only 8% are fully foreign owned. The results indicate that majority of firms are jointly Kenyan and foreign owned.

3.3.2 Distribution of Respondents by Age

Age was gauged on the basis of how long the firm had been in operation. Age of firm is likely to have implication on its performance. As firms operate over the years, it establishes and strengthens itself as a going concern which builds its chances of good performance. Table 2 presents the results on the age of the firm.

Table 2 Number of Years the Firm has been in Operation

Years	Frequency	Percent
Up to 5 years	6	3.4
5-10 years	20	11.3
11-15 years	14	8
16-20 years	21	12
over 20 years	115	65.3
Total	**176**	**100.0**

Source: Primary data

Table 2 indicates that 65.3 percent of the large-scale manufacturing firms have been in existence of over 20 years. The results indicate that most organisations have been in operation for over 20 years hence have well developed processes and systems. The findings are consistent with other previous studies conducted in the large-scale manufacturing firms' context (Kidombo, 2007; Busienei, 2013) which indicate that most of the large-scale manufacturing companies have been in operation for over 20 years

3.3.3 Company Size

The investigation pursued to measure the size of the firm using the number of permanent workers employed. The company size locally is defined in terms of number of workers. Micro firms have 10 or less workers, small firms have 11-50, medium-sized firms have 51-100 and large firms have above 100 employees (KIRDI, 1997). The reason for studying firms with over 100 employees and above is that they are likely to have well established customer relationship management systems. Table 3 shows the outcomes on the number of permanent workers in the selected firms.

Table 3 Number of Permanent Employees

No of Employees	Frequency	Percent
100-200	38	21.6
201-300	29	16.5
301-400	24	13.6
Over 401 years	85	48.3
Total	**176**	**100.0**

Source: Primary data

The results in Table 3 points out that 21.6 out of a hundred of the large-scale manufacturing firms had between 100 and 200 employees. The results established that 16.5 percent had between 201 and 300 while 13.6 percent had between 301 and 400 and 48.3 percent had above 401 employees. This finding is consistent with a previous study by Kidombo (2007) who gauged the size of the firm in relations to the number of personnel and established that 58.9 percent had less than 250 employees.

3.4 Descriptive Statistics for the Study Variables

3.4.1 Descriptive Statistics for Customer Relationship Management

The study pursued to establish the degree of customer relationship management of participating large-scale manufacturing firms. The respondents were questioned on the degree to which they agreed with several statements concerning activities their organizations engaged in so as to establish their level of customer relationship management practices. The questions covered 43 question items. The items measured by a 5 point rating gauge with the highest response being 5 representing to a very large extent and lowest response being 1 representing not at all. The respondents were requested to specify the magnitude to which every statement matched how the handled customer relationship management in their organization. CRM practices was measured as a composite index of customer relationship focus, extent of customer centric organization configuration, customer contact platforms, comprehensiveness of customer database incorporation of customer information, analysis of customer information and access to customer information. The outcomes are displayed in table 4

Table 4: Summary of Customer Relationship Management Practices

	Customer Relationship Management	N	Mean	Std. Deviation	Cv (%)
1	Extent of customer relationship focus/orientation	176	4.37	0.484	11.08
2	Aspects of customer-centered organizational configuration/structure	176	4.09	0.574	14.05
3	Customer contact platforms/touch points	176	4.07	0.574	14.09
4	Comprehensiveness of customer database	176	4.20	0.524	12.47
5	Integration of customer information	176	4.16	0.834	20.05
6	Analysis of customer information	176	4.04	0.837	20.71
7	Access to customer information	176	4.08	0.678	16.63
	Average Mean	**176**	**4.24**	**0.64**	

Source: Primary data

The outcomes from table 4 indicate that the extent of customer relationship focus/orientation recorded the highest means amongst the variables that were measuring CRM practices at mean score of 4.37 indicating that majority the respondent were in agreement that focusing on enhancing customer relationships within the firm was important to the firm. The lowest mean score of 4.04 was observed in analysis of customer information which was over 3 indicating that analysis of information was also key to most of the firms.

3.4.2 Descriptive Statistics for Non- financial Firm Performance

Performance management can be demarcated as a continuous procedure of improving individuals, team and organizational performance (Bussim, 2012). Performance management has to be the core of all organizations since it gives strategic direction on how resources are going to be distributed towards the achievement of set goals and objectives.

Table 5 Summary of Non-Financial Performance

Non-Financial Performance		N	Mean	Std. Deviation	Cv
1	Customer Commitment	176	4.12	0.437	10.60
2	Employee satisfaction	176	4.13	0.341	8.25
3	Customer retention	176	4.47	0.404	9.03
4	Effectiveness	176	4.22	0.446	10.57
5	Efficiency	176	4.08	0.371	9.09
6	Relevance	176	3.92	0.359	9.15
7	Viability	176	4.21	0.458	10.89
	Average mean	**176**	**4.12**		

Source: Primary data

The outcomes in Table 5, display overall mean score on non-financial performance of large-scale manufacturing firms was 4.12. Customer retention revealed the highest score (Mean=4.47, Cv=9.03%) followed by effectiveness with a score (Mean=4.22, Cv=10.57%). This implies that the large-scale manufacturing firms focus on customer retention and effectiveness of processes within the organization. Relevance had the lowest score (Mean=3.92, Cv=9.15%).

4.1 The relationship between Customer Relationship Management Practices and firm Performance is moderated by Firm Characteristics.

The moderating influence of firm characteristics on the relationship between customer relationship management practices and firm performance was tested using stepwise analysis as recommended by Baron and Kenny (1986). This involved testing the main effect of the independent variable (CRM practices) and moderator (firm characteristics) on de pendent variable (non-financial performance) and the effect of the interaction term between CRM practices and firm characteristics on organizational performance. Moderation was assumed to exist when the effect of interaction between the CRM practices and firm characteristics on organizational performance test is significant. Complete moderation is said to occur when the causal effect of the independent variable on the dependent goes to zero with the introduction of the moderator (Baron & Kenny, 1986). The moderation influence of firm characteristics on the association between CRM practices and firm performance was tested on both financial and non-financial performance.

Hypothesis 1 stated that the relationship between customer relationship management practices and non-financial performance is moderated by firm characteristics. The regression results for the moderation effects of firm characteristics on the connection between CRM practices and non-financial performance are presented in the Table 6 below.

Table 6 Regression Results for the Relationship between CRM practices, Firm Characteristics and Non-Financial Performance

(a) **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.647[a]	.418	.403	.38407	.418	26.956	2	75	.000
2	.745[b]	.555	.537	.33806	.137	22.804	1	74	.000

(b) ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.953	2	3.976	26.956	.000[b]
	Residual	11.063	75	.148		
	Total	19.016	77			
2	Regression	10.559	3	3.520	30.797	.000[c]
	Residual	8.457	74	.114		
	Total	19.016	77			

(c) Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.969	.731		1.326	.189
	CRM practices	.867	.180	.450	4.822	.000
	Firm characteristics	.293	.081	.338	3.622	.001
2	(Constant)	7.360	1.859		3.959	.000
	CRM practices	.931	.408	.483	2.279	.026
	Firm characteristics	1.775	.439	2.051	4.045	.000
	Interaction term (CRM practices and Firm characteristics)	.448	.094	2.863	4.775	.000

a. Dependent Variable: Non-financial performance
b. Predictors: (Constant), Firm characteristics, CRM practices
c. Predictors: (Constant), Firm characteristics, CRM practices, Interaction term (CRM practices and Firm characteristics)

Source: Primary data

Table 6, shows that model 1 is significant (F=26.956 p-value < 0.05, Adjusted R^2=.403) implying that CRM practices and firm characteristics jointly explain 40.3% of the variation in non-financial performance. Similarly, upon the introduction of the interaction term, the model was significant (F=30.797, p-value < 0.05) implying that firm characteristics significantly moderates the association between CRM practices and non-financial performance. The ANOVA outcomes for the moderating influence of firm characteristics on the association between CRM practices and non-financial performance reveals F statistics of 26.956 for CRM practices,) implying that the regression model explaining the connection between CRM and non-financial performance is significant. The introduction of firm characteristics to the model yields F statistics of 30.797. This shows that the model is significant.

Hypothesis 2 stated that the relationship between customer relationship management practices and financial performance is moderated by firm characteristics. The regression results for the moderation effects of firm characteristics on the connection between CRM practices and financial performance are presented in the Table 7.

Table 7 : Regression Summary Results for CRM Practices, Firm Characteristics and Financial Performance

(a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.515[a]	.265	.246	.44205	.265	13.543	2	75	.000
2	.535[b]	.286	.257	.43866	.021	2.165	1	74	.145

(b) ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.293	2	2.646	13.543	.000[b]
	Residual	14.656	75	.195		
	Total	19.949	77			
2	Regression	5.709	3	1.903	9.890	.000[c]
	Residual	14.239	74	.192		
	Total	19.949	77			

(b) Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.028	.841		.033	.974
	CRM practices	.567	.207	.288	2.742	.008
	Firm characteristics	.303	.093	.342	3.262	.002
2	(Constant)	3.302	2.412		1.369	.175
	CRM practices	.151	.530	.077	.286	.776
	Firm characteristics	.523	.569	.590	.919	.361
	Interaction term (CRM practices and Firm characteristics)	.179	.122	1.118	1.471	.145

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Firm characteristics , CRM practices
c. Predictors: (Constant), Firm characteristics, CRM practices, Interaction term (CRM practices and Firm characteristics)

Source: Primary data

Table 7 shows that in model 1, R^2 was .246 indicating that CRM practices and firm characteristics jointly accounted for 24.6 % of the variation in financial performance. In model 2, when the interaction term was added R^2 increased to .257 but the relationship was not significant p=.145 implying that firm characteristics did not moderate the association between CRM practices and financial performance. Similarly, the outcomes of the analysis of variance indicate that model 1 and 2 are significant at p=.000. In addition, the regression coefficients of the moderating influence of firm characteristics on the connection between CRM practices and financial performance was not significant.

The results indicate that CRM practices and firm characteristics independently influence financial performance. Additionally, the outcomes of the t statistics also reveal that firm characteristics (t=3.262) contributes more to the variations in financial performance than CRM practices (t=2.742). The results in model 2 illustrate that the interaction term is not statistically significant (p-value=.145) implying that the moderating influence of firm characteristics was not statistically significant

4.2 Discussion

The findings of study demonstrated significant connection between CRM practices and organizational performance. These findings are consistent with findings obtained by Thomas and Sullivan (2005) that views CRM as a way of increasing firm's profitability through its ability to enhance customer's continuous patronage. In addition, results obtained by Jayachandran et al. (2005) and Akroush et al., (2011) established a positive and significant influence of CRM practices on organizational performance. But, the subject of whether or not CRM is beneficial to firms remains an unsettled debate. Reimann et al. (2010) believe that CRM indirectly enhances firm performance through the firm's business strategy, while on the other hand others like Gulati and Oldroyd (2005) feel such investments do not yield any substantial returns due to the high failure rate. Literature has revealed that the high failure rate in CRM implementation is caused by constant changes in the business environment. Egan (2011) added that the speed at which technologies keep changing is actually what frustrates the implementation process. However, Ang & Buttle (2006) revealed that it is only intelligent implementation of CRM that can yield enhancements in firm performance.

Although literature relating to the moderating influence of firm characteristics on the association between CRM practices and firm performance is limited, it has remained contended that size of the firm has advantages in their performance, large firms tend to operate at low costs due to scale and scope of economies advantages (Changler, 1962). The findings show that firm features that include the size of the firm, type of ownership and age indicate firm experience and have an impact on non-financial indicators of performance such as efficiency effectiveness, customer loyalty but have a negative impact on financial indicators of performance such as sales and profitability. The mixed results of the current study are also supported by previous empirical studies which presented diverse results on the influence of firm characteristics on firm performance. Coad et al. (2013) found confirmation that as firms improve with age, because mature firms are observed to have progressively increasing levels of productivity and higher revenue. While most of the studies have proved the existence of a significant negative relationship between firm characteristics and profitability like Salman & Yazdanfar (2012); Dogan (2013), other studies have also established that there is no significant connection between firm characteristics and financial performance indicators such as profitability and sales (Stiewald, 2009). This study supports the dynamic capabilities theory that suggest that dynamic capabilities enable business enterprises to create, develop and protect those intangible assets that lead to lasting existence and life of the organization.

4.3 Conclusion and recommendations

The research investigated the moderating influence of firm characteristics on the association between CRM practices and firm performance. The outcomes established that firm characteristics had a moderating effect on the connection amongst CRM practices and firm performance. The study brought fourth findings that have important theoretical value to scholars and managers in the large-scale manufacturing industry. The results of the study have signified the importance of adoption CRM practices and the role these practices play in enhancing organizational performance. Though significant outcomes were obtained for the moderating influence of firm characteristics on the connection between CRM and non-financial performance it is important for more studies investigating the indirect influence of firm characteristics to be carried out in other sectors. In addition, the findings show that firm features that include the size of the firm, type of ownership and age indicate firm experience and have an impact on non-financial indicators of performance such as efficiency effectiveness, customer loyalty but have a negative impact on financial indicators of performance such as sales and profitability. One chief contribution of this investigation is that CRM practices and firm characteristics account for 40.3 percent of the variation in non-financial performance. The two variables are better predictors of non-financial performance compared to financial performance.

4.4 Suggestions for further research

This study makes an important contribution in the understanding of the influence of firm characteristics on relationship between CRM practices and firm performance. It further brings out the influence of firm characteristics on the relationship between CRM practices on both financial and non-financial performance. Arising from this study, a number of suggestions are made for future researchers. Future studies should seek to establish the antecedents of CRM practices this would aid in enhancing a better understanding of the determinants of CRM practices in firms thereby permit organizations to make informed decisions with regard to CRM investments. In addition, with the cross-section research design as was used in this study, only assumptions may be made about long-term profitability implications. Therefore, forthcoming studies could use a longitudinal methodology as it is more vigorous in defining the causality relationships particularly in investigations that are generally dynamic and long term in nature.

REFERENCES

Akroush, N. M., Dahiyat, E. S., Gharaibeh, S. H., & Abu-Lail, N. B. (2011). Customer relationship management implementation. *International Journal of Commerce and Management*, 21(2), 158-191.

Ang, L., & Buttle F., (2006). Customer retention management processes. Quantitative Study. *European Journal of Marketing,* 40(1), 2-5

Barney, J. B., (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120

Babu, K. N. & Barzegar, B. (2008). The Effects of Ownership Structure on Firm Performance: Evidence from Iran. *The Icfai Journal of Applied Finance*, 14 (3), 43-55.

Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research. *Journal of Personality and Social Psychology*, 51 (1), 173-82

Coad, A. J-L., Segarra, A. & Teruel, M. (2013). Like milk or wine: Does firm performance improve with age? *Structural Change and Economic Dynamics,* 24, (1), 173-189.

Cooper, R. D., & Schindler, S. P. (2006). *Business Research Methods*, 9th edition, McGrawHill.
Denzin, N., & Lincoln, Y. (2003).The discipline and practice of qualitative research, in (2nded) *Collecting and Interpreting Qualitative Materials* (1-45) California: Sage Publications, Inc.
Dogan, M. (2013). Does Firm Size Affect the Firm Profitability? Evidence from Turkey. *Research Journal of Finance and Accounting*, 4 (4), 53-59
Egan, J. (2011). *Relationship marketing*: Exploring relational strategies in marketing. 4th edition, Pearson Education Limited, England
Grönroos, C. (2000) *Service Marketing: A Customer Relationship Approach*. Chichester: Wiley.
Gulati, Ranjay, & James B. Oldroyd. (2005) The Quest for Customer Focus. *Harvard Business Review*, 83 (April): 92–101.
Hall, R. (1992). The Strategic Analysis of Intangible Resources. *Strategic Management Journal* 13 (2): 135-144.
Homburg, C., Grozdanovic, M., & Klarmann, M. (2007). Responsiveness to customers and competitors: the role of affective and cognitive organizational systems. *Journal of Marketing*, 71(3): 18–3.
Jayachandran, S., Sharma, S., Kaufman, P. & Raman, P. (2005). The Role of Relational Information Processes and Technology Use in Customer Relationship Management, *Journal of Marketing*, 69 (4): 177-192.
Israel, G. D. (2009b). Determining Sample Size. Gainesville: *University of Florida Institute of Food and Agriculture Sciences.* http://edis.ifas.ufl.edu/pd006.
Kaplan, R.S., & Norton, D. P. (2001). The Strategy-focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment, *Harvard Business Review* Press, Boston, MA.
Kinoti, M.W. (2012). Green Marketing Practices, Corporate Image, Organizational Characteristics and Performance of ISO 9000 and 14000 Certified Organizations in Kenya (*Unpublished PhD Thesis*), University of Nairobi, Kenya
Kotler, P., & Armstrong, G. (2004). *Principles of Marketing,* 10th ed., Upper Saddle River, NJ: Prentice Hall.
Lusthaus, C., Adrien, M., Anderson, G. and Carden, F. (1999), *Enhancing Organizational Performance*: A Tool box for Self-Assessment. International Research Centre.
Mugenda, O. M., & Mugenda, A. G. (2003). *Research Methods: quantitative and qualitative approaches*. Nairobi: ACTS Press.
Olowokudejo F. F, Obalola M. A., & Aduloju S. A., The Intervention of Organizational Characteristics in the Relationship between CRM and Organizational Performance in the Nigerian Insurance Industry. *International Journal of Management of Business Research*, 3(1): 21-30
O'Sullivan, D., Abela, A.V. & Hutchinson, M. (2009). Marketing performance measurement and firm performance. *European Journal of Marketing*, 43(5/6): 843-862.
Payne, A., & Frow, P. (2005). A strategic Framework for Customer relationship Management, *Journal of Marketing*, (69) 4: 167-176.
Rantanen, H., & Holtari, J. (2000). Performance analysis in Finnish SMEs, *Eleventh International Working Seminar on Production Economics*., IGLS Austria, 21 25 February.
Reimann, M., Schilke, O., & Thomas, J. (2010). Customer Relationship Management and firm performance: the mediating role of business strategy. *Journal of the Academy Marketing Science*, 38, 326-346.
Salman, A. K. & Yazdanfar, D. (2012). Profitability in Swedish Micro Firms: A Quantile Regression Approach. *International Business Research*, 5 (8): 94-106
Sinkula, J., Baker, W., & Noordewier, T. (1997). A framework for market-based organizational learning: Linking values, knowledge, and behaviour. *Journal of the Academy of Marketing Science*. 25 (1): 305-18.
Stefanou, C. J., Sarmiotis C., & Stafyla A. (2003). CRM and customer-centric knowledge management: An empirical research. *Business Process Management Journal*, 9, 617-634
Stierwald, A. (2009). Determinants of Firm Profitability- The Effect of Productivity and its Persistence. *Melbourne Institute of Applied Economic and Social Research*. 1-25
Teece, D. J. (2006). Reflections on Profiting from Innovation, Research *Policy*, 35 (8): 1131-46
Thomas, Jacquelyn S., & Ursula Y. Sullivan. (2005). Managing Marketing Communication with Multichannel Customers. *Journal of Marketing,* 69 (4): 239–251.
Thuo, J. K. (2010). The Influence of Customer Relationship Management Practices on the Competitiveness of Commercial Banks in Kenya. (*Unpublished PhD Thesis*). University of Nairobi, Kenya
Vandermerwe, S. (2004). Achieving deep customer focus. *MIT Sloan Management Review, 45*(3):26-34.
Winter, S. G. (2003). Understanding dynamic capabilities. *Strategic Management Journal* 24, 991-995.