

**ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT (e-CRM):
THE IMPACT OF e-CRM PRACTICES FOR BUSINESS SUSTAINABILITY
IN SMEs MALAYSIA**

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**The thesis is submitted in partial fulfillment of the requirements for the award
of Bachelor of Technopreneurship with Honors**

**Faculty of Technology Management and Technopreneurship
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DECLARATION OF ORIGINAL WORK

“I hereby declare that this report is the result of my own, except certain explanations and passage where every of it is cited with source clearly.”

Signature :

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Date : JUNE 2019

DEDICATION

I would like to dedicate the appreciation to my family members who supported me in terms of spiritual and financial, beloved supervisor and panel who guided me throughout the research and course mates that assisted me through the journey of research.

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ABSTRACT

Electronic Customer Relationship Management (e-CRM) is an upgraded version of CRM represents today, the organization interacts with the customer to retain the relationship management through the internet and organized customer based using the system. Many businesses that has been successful in their own strategies which are technology advancement and readiness to sustain long-term in the market and well known. For that reason, this study was conducted to determine the impact of electronic customer relationship management (e-CRM) practices for business sustainability in SMEs industry at Melaka and Johor. The data for this study was collected using questionnaires 329 respondents in Southern Malaysia (Melaka and Johor). The collected data was analysed through SPSS version 25. The results indicate that impacts of electronic customer relationship management (e-CRM) practices are determined by operational and strategic benefits, top management support, knowledge management and capabilities and technological readiness. The outcomes of this study will be a new insight into the importance of using technological advancement and readiness in business organizations.

Keywords: *Electronic Customer Relationship Management (e-CRM), Melaka, Johor, Operational Strategic and Benefits, Top Management Support, Knowledge Management and Capabilities, Technological Readiness.*

ABSTRAK

Pengurusan Hubungan Pelanggan Elektronik (e-CRM) adalah versi CRM yang dinaiktaraf hari ini, organisasi berinteraksi dengan pelanggan untuk mengekalkan pengurusan perhubungan melalui internet dan pelanggan yang menggunakan sistem. Banyak perniagaan yang berjaya dalam strategi mereka sendiri yang merupakan kemajuan teknologi dan kesediaan untuk mengekalkan jangka panjang di pasaran dan terkenal. Atas sebab itu, kajian ini dijalankan untuk menentukan kesan pengurusan perhubungan pelanggan elektronik (e-CRM) untuk kelestarian perniagaan dalam industri PKS di Melaka dan Johor. Data bagi kajian ini dikumpulkan menggunakan soal selidik 329 responden di Malaysia Selatan (Melaka dan Johor). Data yang dikumpulkan dianalisis melalui SPSS versi 25. Hasilnya menunjukkan bahawa faktor-faktor yang memberi kesan terhadap pengurusan hubungan pelanggan elektronik (e-CRM) ditentukan oleh manfaat operasi dan strategik, sokongan pengurusan atas, pengurusan pengetahuan, dan keupayaan dan kesediaan teknologi. Hasil kajian ini akan menjadi pemahaman baru mengenai pentingnya penggunaan kemajuan teknologi dan kesediaan dalam organisasi perniagaan.

Kata kunci: *Pengurusan Hubungan Pelanggan Elektronik (e-CRM), Melaka, Johor, Strategik dan Manfaat Operasi, Sokongan Pengurusan Tertinggi, Pengurusan Pengetahuan dan Keupayaan, Kesediaan Teknologi.*

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LIST OF ABBREVIATIONS

ABBREVAITONS	MEANING
CRM	Customer Relationship Management
e-CRM	Electronic Customer Relationship Management
OS	Operational Strategic and Benefits
TR	Technological Readiness
TM	Top Management Support
KM	Knowledge Management and Capabilities
IV	Independent variable
DV	Dependent variable
SPSS	Statistical Package for Social Science

LIST OF SYMBOLS

SYMBOLS	MEANING
R	Correlation coefficients
α	Cronbach's Alpha Coefficients
B	Beta value
H_0	Null hypothesis
H_a	Alternative hypothesis
m	Mean
S.d.	Standard deviation

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CHAPTER 1

INTRODUCTION

1.0 Introduction

In this chapter, the researcher had covered the background study of the research topic which is Electronic Customer Relationship Management (e-CRM) practice for Business Sustainability in SME's Industry. In addition, the researcher included about the SME's industry. Furthermore, problem statement, scope, and limitation of the study, important research and research questions were presented in this chapter.

1.1 Background of the study

Advanced information technology is becoming an important factor in the development of the small-medium enterprise (SME) industry, which is the best practice for the company to collect customer data information and target it in a way that will make it more profitable and keep customers loyal, especially in the demanding service world. Therefore, the electronic customer relationship management system (e-CRM) as an upgraded version of CRM represents today not an option but an obligation for efficient and profitable customer relationship management.

The aim of this research is to look at the theoretical background and present discussions on the implementation of the CRM and e-CRM system, especially in the industry of SMEs. Other than that, to identify the impact of e-CRM practice for business sustainability in SME's industry.

Customer Relationship Management (CRM) is an approach that integrates the potential of relationships marketing and IT strategies to better understand and value customers with a view to developing profitable and lasting relationships. (Wongsansukcharoen et al., 2015; Soltani & Navimipour, 2016) which it to emphasize is the creation of value for customers, as well as the favorable aspects linked to those involved when a long-term relationship is sought (Payne and Frow, 2005; Khatoon, 2017). Meanwhile, electronic customer relationship management (e-CRM) is a customer management activity. In other words, e-CRM provides companies with a means to carry out personalized, interactive and relevant communication with customers across both electronic and traditional channels. It focuses on understanding the impact of customer relationships on business (Deshmukh, et. al, 2013).

Apart from that, according to the researcher Tavana, et. al, (2014) defined that business today is a poor understanding of the business process of the organization that is before purchasing e-CRM all the business processes of the organization should be re-checked, analysed and then written because it shows that there is still a lot of confusion about the concept of CRM. If the business organization applies e-CRM to its business, they will see a significant impact of e-CRM strategy on a sustainable competitive advantage, value creation, innovation, organization and branding (Mugdadi, 2015).

Hence, the researcher identified that the electronic customer relationship (e-CRM) was the same as the customer relationship management (CRM), but the way to differentiate between the organization and the customer through the internet and the organized customer using the system efficiently for the long-term benefit of the business organization. This is the right way for the business organization to understand customer needs well and plan the right business sustainability strategy. Thus, the researcher feels curious to know the impact of electronic customer relationship management (e-CRM) practices on business sustainability in Malaysia's SME industry.

From the understanding of the e-CRM concept, the researcher identified that basically with the help e-CRM organization can take major decisions by involving customers and through internet one to one relationship of a company with each customer is possible. In addition, researchers reported that e-CRM is a combination of internet marketing and customer based strategies (Mohammad and Kausar, 2013). This has been confirmed in the study of Harrigan and Miles (2014), the researchers highlighted advanced that SMEs use social media for CRM strategy and social media is an opportunity to engage in real time with customers and interactively on a personal level while fostering relationships and trust. CRM activities that collect data such as virtual communities, social media pages are the customization of relationships. While digital data provides useful insight into trends, customer preferences, and competitive activity.

Besides that, the researcher Hatten (2011) defined that Small and medium-sized enterprises (SMEs) are named by size adjectives, so economists tend to divide them into classes according to some quantitative measurable indicators. Other than that, the researcher also stated that the most common criterion for distinguishing between large and small businesses is the number of employees. Although the number of employees is an objective and easily applicable criterion, it has important limitations, primarily because the number of employees depends on the business sector and this makes difficult widespread comparisons across sectors. (Stokes and Wilson, 2010).

The history of Malaysia's SME companies mostly already apply e-CRM in their business and show a very successful achievement throughout the year such as one of Malaysia's SME industry, which is Esystem company. Esystem Holdings Sdn Bhd or Prepaid Technologies Sdn Bhd is a company established in 2014 that sold telecommunications and electrical appliances online on its website. Other than that, Esystem website also has credit card payment method that collaborated with many payment partners starting in early 2018 whereby customers can make instalment plan up to 24 months making easy payment transaction for the customer and their purchased products will be delivered by cash on delivery (COD) or customer can pick up at a physical store near the customer stay. Their e-CRM has attracted customers to visit websites up to 2 million visits since 2017, they have a good track whereby customers can easily contact customer service for any difficulties and customers can collect points every time they purchase a product on the Esystem website which allows members to enjoy the discount when they purchase any electrical appliances or gadgets.

1.2 Problem Statement

Although a number of companies used CRM applications, these applications has failed to deliver benefits to such organization (Ali, et. al, 2010). A major cause of the failure is mainly because companies focus on customer contact processes but neglect the necessary adjustment to internal structures and systems (Love and Irani, 2009). The researcher further stated that the reason why firms implement CRM was simply to win customers, but not to offer improved value to customers. From both statements, the researcher wants to find out that the factors of e-CRM practices that impact operational and strategic benefits on business sustainability, top management support, technological readiness or knowledge management capabilities. According to Greve and Albers (2006) reported that additional research is needed to understand whether and how e-CRM technology capabilities are a factor in the success of e-CRM.

According to Reicheld and Schefier (2000), The researcher explained that acquiring online customers is so expensive (20-30 percent higher than for traditional businesses) that start-ups may need at least two to three years to be profitable that start-ups are afraid to invest online. Other than that, Nurbani, et. al, (2011) stated that lack of capital and access to credit are the most common financial constraints faced by SMEs. Thus, the researcher feels curious to know whether those statements reflected the critical factors of e-CRM practices for business sustainability in SME's Malaysia from the four independent variable stated above.

In a nutshell, according to Hashim and Wafa (2002), as well as Muhammad's study (2010), identified that the main problems faced by SMEs in Malaysia are the lack of knowledge of marketing techniques, branding, customer loyalty and the lack of good contacts with other local and international companies (as cited in Khalique et. al., 2011). Other than that, by having knowledge such as IT has a great impact and relationship on the different parts of an organization, especially in the way it interacts with its customers so that IT tools are used extensively in customer relationship management and caused the emergence of a new concept called "electronic customer relationship management" (e-CRM) (Sophonthummapharn, 2009). All of this shown the main factors of top management support and technological readiness has a relation between e-CRM factors with business sustainability. This is because the researcher believes that the top management support and technological readiness are important that can operate e-CRM accordingly. The present study, therefore, aims to examine the relationship between e-CRM practices and business sustainability. The study's findings will lead to assist the SME's in understanding the critical factors of e-CRM practices that impact SME's business sustainability.