

Performances of Customer Relationship Management and Business in Sri Lankan Financial institutes: A Detailed Analysis

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Introduction

In the last few decades, the service sector has experienced a dramatic change and in turn has also increased its importance to the economy. Further, it can be identified that there is a significant growth in the service sector of the Sri Lankan economy.

Today in Sri Lanka, Financial sector is growing rapidly since most people understand the importance of the financial services to the day to day activities. Hence, this trend triggers the competition among the financial companies. In order to face the competition, companies tend to implement various strategies. Among them, Customer Relationship Management (CRM) is one of the strategies that the companies have adapted and invested more. Accordingly, this study focused to identify the impact of these programs on the performance of the companies.

Thus, this study mainly focused on identifying the nature of the CRM and performance in Sri Lankan Financial institutions, identifying the impact of CRM on business performance in Sri Lankan Financial institutions, and determining the relative contribution of each factor of CRM on the business performance of Sri Lankan Financial institutions.

Methodology

The sample of the study comprised of four types of companies, representing the key areas of the sector, namely, licensed commercial banks, registered finance companies, specialized leasing companies and insurance companies in terms of assets base. Consequently, 100 employees who were working in the CRM department of 20 companies listed in Colombo Stock Exchange were selected randomly. Both primary and secondary data were collected and a questionnaire was used to collect primary data. In analyzing the data, descriptive statistical techniques were used and the strength of relationship and contribution of each performance dimensions on business performance was analyzed by using correlation and multiple regression analysis.

Results and discussion

The mean values of the CRM performance dimensions namely, focusing on key customers, organizing around CRM, managing knowledge and incorporating CRM-based technology were 4.499, 4.163, 4.163, 4.152 and 4.222 respectively.

Moreover, most of selected financial institutions have agreed ($3.5 < X \leq 5$) with focusing on key customers, organizing around CRM, managing knowledge and incorporating CRM-based technology and account for values of 97%, 94%, 93%, and 94% respectively.

Furthermore, it was identified that there is a statistically significant positive correlation between customer relationship management and business performance ($P < 0.01$). The correlation coefficient incorporating CRM-based technology and business performance was 0.707 and it was the highest correlation when compared to other factors. In

accordance with R-square value of the regression model, it implies that 64.5% of the variation of the performance can be explained by the independent variable.

Conclusions

Finally, it can be concluded that performance of customer relationship management is having a significant impact on business performance in Sri Lankan financial institutions.

References

Central Bank Annual Report 2009