



Working together
www.rcis.ro

Revista de Cercetare si Interventie Sociala

ISSN: 1583-3410 (print), ISSN: 1584-5397 (electronic)

THE RESEARCH AND EVALUATION OF CUSTOMER RELATIONSHIP MANAGEMENT AND SOCIAL RESPONSIBILITY ON COMPETITIVE ADVANTAGE

Chengwu SUN

Revista de cercetare și intervenție socială, 2020, vol. 69, pp. 131-142

<https://doi.org/10.33788/rcis.69.8>

Published by:
Expert Projects Publishing House



On behalf of:
„Alexandru Ioan Cuza” University,
Department of Sociology and Social Work
and
HoltIS Association

REVISTA DE CERCETARE SI INTERVENTIE SOCIALA
is indexed by Clarivate Analytics (Social Sciences Citation Index),
SCOPUS and CROSSREF

The Research and Evaluation of Customer Relationship Management and Social Responsibility on Competitive Advantage

Chengwu SUN¹

Abstract

In face of the rapid change in the competition environment, enterprises or organizations not being able to timely adjust the organization structure or introduce new management methods, thoughts, and business tactics would gradually disappear in the fiercely competitive market. Business managers therefore pay attention to strategies to promote the corporate competitiveness. The issue of corporate social responsibility (CSR) is gradually concerned in the society. CSR related issues used to be regarded as regional problems; however, it has developed to become global focus, including emerging markets, in past years. Aiming at high-tech industry in Tianjin Binhai Hi-tech Industrial Development Area, 600 copies of questionnaire are distributed to the supervisors and employees for this study. Total 422 valid copies are retrieved, with the retrieval rate 70%. The research results reveal significantly positive effects of 1.customer relationship management on social responsibility, 2.social responsibility on competitive advantage, and 3.customer relationship management on competitive advantage. According to the results, suggestions are proposed, expecting to help domestic high-tech industry apply customer relationship management to improve business performance, enhance social responsibility effectiveness, competitive advantage, creativity, and adaptability, win new customers, consolidate existing customers, and enhance customers' profit contribution.

Keywords: customer relationship management, social responsibility, competitiveness, competitive advantage, high-tech industry, social influence.

¹ College of Management and Economics, Tianjin Univesity, Management Science and Engineering, CHINA. E-mail: deqing1123@163.com

Introduction

Liberalization and globalization are the development trend of international economy. The fierce competition in the market and the disappearance of economic prosperity result in harsh business of industries. In face of the rapid change in the competition environment, enterprises or organizations not being able to timely adjust organization structure or introduce new management methods, thoughts, and management tactics would gradually disappear in the fiercely competitive market. As a result, business managers pay attention to strategies to enhance the corporate competitiveness. In order to reinforce business structure and enhance competitive advantage, customer relationship management is often adopted by enterprises. Many research results reveal that the introduction of customer relationship management could help enterprises improve business performance, enhance effectiveness, competitive advantage, creativity, and adaptability, win new customers, consolidate existing customers, and enhance customers' profit contribution. For this reason, customer relationship management has been an important subject for profit-making enterprises, which even establish dedicated departments for customer management. The maintenance of close relationship with customers therefore is the key factor in a company maintaining the competitive advantage. Consequently, it becomes a key success factor for modern enterprises fully communicating and interacting with customers to establish good relationship, by searching relationship from no relationship and managing the relationship, understand customer needs, acquire customer trust, satisfy customer needs, enhance customer value, promote customer satisfaction and customer retention, and establish high-loyalty customers.

Since financial crises, corporate social responsibility (CSR) has been concerned in the society. CSR related issues used to be regarded as regional problems; however, it becomes global focus, including emerging markets, in past years. CSR being emphasized in past years contains two factors. One is that enterprises gradually regard the practice of CSR activity as a key success factor; and, the other is the demands of nonprofit organizations for various resources inducing the involvement of enterprises. The styles and coverage of enterprise implementing CSR activity are broad, from pure charity to sustainable environment and even positive pursuit of shared value. Unfortunately, most CSR programs are lack of strategic considerations and coordination. For the improvement, the mutual dependence between a company and the society should be fully understood, and the idea of CSR is integrated into company activities and strategies to develop the maximal social influence through the promotion of strategic CSR activity. As a consequence, the effects of customer relationship management and social responsibility on competitive advantage are discussed in this study, expecting to help domestic high-tech industry apply customer relationship management to improve business performance, enhance social responsibility effectiveness,

competitive advantage, creativity, and adaptability, win new customers, consolidate existing customers, and enhance customers' profit contribution.

Literature review

Wang & Kim (2017) pointed out customer relationship management as an important business strategy for enterprises transforming from transaction oriented into relationship oriented business strategies and pursuing the mutually beneficial relationship with customers. Nieves & Diaz-Meneses (2018) mentioned that social responsibility should not be ignored by modern enterprises; nevertheless, enterprises, due to not understanding the effectiveness and obstacle of social responsibility promotion, still hesitated or appeared the results not as expected. Zhang (2017) stated that social responsibility could merely be implemented by the supportive decision of organizational culture. Organizational culture stood for the sources of information, knowledge, and professional skills that an enterprise had to cultivate the social responsibility value to drive culture; the value and belief between business and customer relationship management could support the promotion of social responsibility value. Khosravi & Nilashi (2018) indicated that relationship oriented business strategies could enhance customers' insight, modify strategies or culture, and shorten the gap with customers' ideas to help the promotion of social responsibility. Yang *et al.* (2017) regarded economic responsibility as the basis of social responsibility promotion and the acquisition of proper profits for the survival and growth of enterprises and the return to investors. Competitive advantage could be acquired by reducing social and environmental costs through product or process differentiation or the improvement of stakeholders' welfare. An enterprise had to examine the operation process and organization capability as well as establish learning mechanisms to develop and maintain the ability to cope with contemporary and future social and environmental challenges. Chirumalla, Oghazi, & Parida (2018) mentioned that the consistency of customer value to corporate social responsibility promotion would enhance purchase intention to present positive evaluation of the enterprise and further promote the brand value. Relatively, customer relationship management oriented enterprises would pay attention to stakeholders' value; and, the key of customer relationship management was the representation of the enterprise concerning about stakeholders' profits and investing in resources. Gulbahar (2017) stated that customer relationship management aiming at solving stakeholder related problems and business relationship was customer oriented organizational culture, which could support social responsibility activity. Customer relationship management could benefit the examination of operation process, analyze the stakeholder information, and enhance customers' perceptivity to assist in the promotion of social responsibility. Consequently, the following hypothesis is proposed in this study.

H1: Customer relationship management presents significantly positive effects on social responsibility.

Wan & Wyer Jr (2018) indicated that corporate social responsibility should conform to social value to execute activities satisfying social needs. In this case, the major consideration of corporate social responsibility promotion was not to calculate the worthiness, but to create shared value. In other words, various economic activities engaged by a company should benefit the society and be valuable to the company. Simply speaking, the pursuit of “shared value” was to create social value while pursuing economic value and to improve the economic and social environment of the community of the enterprise while strengthening the competitive advantage. Kargaran, Jami Pour, & Moeini (2017) considered that social responsibility, as a competitive advantage, could assist in the establishment of customer loyalty, enhance corporate image and goodwill, promote organizational cohesiveness, and maintain good relationship with stakeholders. From the aspect of strategies, Pedron *et al.* (2018) indicated that the social responsibility activity of a company, by putting to use considerable resources and professional knowledge as well as benefiting the society by the incisive insights, could be the motive of social advance as well as result in opportunities, innovation, and competitive advantage for the company. Social responsibility activity could be a unique advantage and the competitive advantage to create a company. Diffley, McCole, & Carvajal-Trujillo (2018) pointed out more obvious relationship between active promotion of social responsibility activity of an enterprise and the outcome in stakeholders. Such reasons for competitive advantage could enhance the competitiveness of companies promoting social responsibility activity. For this reason, stakeholders’ needs were regarded as opportunities, rather than limitations. A company would strategically manage the resources and utilize the mutual benefits to satisfy such needs. Baloglu, Zhong, & Tanford (2017) considered that a company might establish on the sole competitive advantage through social responsibility. Such uniqueness might be used in isolating competitors as the basis of competitive advantage. Each company was operating in a competitive environment, which presented great influence on the execution of company strategies; it would be the same in long period. An important part of the competition environment was social conditions. The participation in a social responsibility activity could benefit the motive prediction of a company; and, social responsibility activity was a good business behavior and might enhance the competitiveness and legitimacy. Accordingly, the following hypothesis is proposed in this study.

H2: Social responsibility shows remarkably positive effects on competitive advantage.

Pee, Jiang, & Klein (2018) proposed to seek for best customers, maintain excellent customers, maximize customer effectiveness, and precede effective risk management by the establishment of customer relationship management systems. However, successful customer relationship management could not be achieved overnight, but required careful planning and execution and, most importantly, the establishment of comprehensive skills, organization, and supportive systems. Zhang *et al.* (2017) mentioned that, once the customer relationship management ability and system were implanted in an organization, the competitors would be hard to imitate; it therefore became the key competitive advantage. Muninger, Hammedi, & Mahr (2019) stated that successful customer relationship management would result in great value for the company; a typically successful case could increase 10%-20% revenue within 1-2 years through cross-sales, the reduction of customer loss, or the recruitment of new customers. Comprehensive execution of various customer relationship management plans could appear the synergistic effect, and the profit contribution would be higher than the revenue to generate corporate competitive advantage. Falasca *et al.* (2017) indicated that customers being willing to request the service relied on benign interaction between customer need oriented service industry and customers to establish “relationship” and acquire customer trust. It was also the beginning of customer relationship management that enterprises’ introduction of customer relationship management presented positive function on the enhancement of customer satisfaction, the creation of customer value, the establishment of loyal customers, and the promotion of corporate competitive advantage. Park, Im, & Sung (2017) considered that transforming manufacturing into service industry to enhance the customer value by comprehensively satisfying customers, transferring the focus on production into customers, and emphasizing keeping an eye on excellent customers could create excellent products and ability. Scannell & Gifford (2017) indicated that a lot of excellent enterprises noticed that customized service would really promote the competitive advantage, but the quality of customer relationship management was the key factor in customized service. In this case, the following hypothesis is proposed in this study.

H3: Customer relationship management reveals notably positive effects on competitive advantage.

Methodology

Operational definition and measurement of variable

Customer relationship management. Zeng & Yen (2017) proposed MCR-BM (Management of Customer Relationship in Business Media) to manage current or future valuable customer relationship. In the concept of MCR-BM, customer relationship management is divided into customer interaction, customer description,

and added value for measuring corporate customer relationship management in this study:

- a) *Customer interaction*: An enterprise collects customer related information through information technology and the process of customer interaction to provide customers with relevant marketing and support activities. Customer interaction generally contains PUSH and PULL. PUSH refers to an enterprise actively delivering information, and PULL refers to customers' active acquisition.
- b) *Customer description*: It measures the ability to collect and analyze customer data to develop proper marketing. The more customer transaction would grasp more customer ideas for the reference of marketing.
- c) *Added value*: It aims to enhance customer loyalty and satisfaction. Maestrini *et al.* (2016) proposed two types of added value, including (1)creating customer expected products and service and (2)more attractive product price than competitors, e.g. discount and better service than competitors.

Social responsibility. The measurement of corporate social responsibility should consider various dimensions, and the policies should be completed or put into practice; especially, social and environmental issues are extremely important. Referring to Chen, Hung, & Wang (2018), the single dimension of corporate social responsibility is used for the evaluation in this study.

Competitive advantage. Referring to Cui *et al.* (2018), the following dimensions of competitive advantage are applied to this study:

- a) *Efficiency*: An enterprise is a tool to change inputs into outputs. By inputting basic production elements, such as labor, land, capital, and management, service or products would be the output.
- b) *Quality*: Better-quality products refer to trustable products or service.
- c) *Customer response*: When providing and satisfying customer needs faster than competitors, customers would be willing to give higher value of the product to form the differential competitive advantage.

Research sample and object

Aiming at high-tech industry in Tianjin Binhai Hi-tech Industrial Development Area, the supervisors and employees are distributed 600 copies of questionnaire, and 422 valid copies are retrieved, with the retrieval rate 70%. The establishment of Tianjin Binhai Hi-tech Industrial Development Area was approved by Tianjin Municipal Committee and Municipal People's Government in 1988, and the State Council approved it as the first national high-tech industrial development area in 1991. With total area 97.96 square kilometers, it is an important composition in Jingjinshi high-tech industrial belt. Tianjin Binhai Hi-tech Industrial Development

Area contains Huayuan Science and Technology Park, Binhai Science and Technology Park, Nankai Science and Technology Park, Wuqing Science and Technology Park, Beichen Science and Technology Park, and Tanggu Science and Technology Park, and the core areas, Huayuan Science and Technology Park and Binhai Science and Technology Park, located in the southwest and east of Tianjin, are the Twins of the economic development in Tianjin. High-tech industry in Tianjin Binhai Hi-tech Industrial Development Area is selected as the research object in this study.

Reliability and validity test

Confirmatory Factor Analysis (CFA) is an important part in SEM analysis that the measured model should be tested before the two-stage model correction in the structural model evaluation when preceding CFA. When the measured model fit is acceptable, the second-step SEM is further preceded. In the dimension analysis with CFA, the factor loadings appear in .70~.90, the component reliability shows .70~.90, and the average variance extracted reveals .60~.90, conforming to the standards of 1.factor loading higher than .5, 2.component reliability higher than .6, and 3.average variance extracted higher than .5. The dimensions therefore present convergent validity.

Results

Model evaluation index

The research tool could simultaneously calculate multiple factors and multiple casual paths. The model fit could be evaluated from preliminary fit criteria, overall model fit, and fit of internal structure of model. The research data are organized as below. The preliminary fit criteria, internal fit, and overall fit are further explained. The complete model analysis results, *Table 1*, reveal that three dimensions of customer relationship management (customer interaction, customer description, added value) could significantly explain customer relationship management ($t > 1.96$, $p < 0.05$), social responsibility could be remarkably explained ($t > 1.96$, $p < 0.05$), and three dimensions of competitive advantage (efficiency, quality, customer response) could notably explain competitive advantage ($t > 1.96$, $p < 0.05$). Apparently, the overall model shows good preliminary fit criteria.

Table 1. Overall linear structural model analysis result

evaluation item	parameter/evaluation standard		result	t
preliminary fit	customer relationship management	customer interaction	0.683	10.16*
		customer description	0.675	9.42*
		added value	0.706	12.75**
	social responsibility	social responsibility	0.722	15.22**
	competitive advantage	efficiency	0.697	11.23**
		quality	0.687	10.84*
		customer response	0.713	13.92**

Note: * stands for $p < 0.05$, ** for $p < 0.01$, and *** for $p < 0.001$.

From Table 2, customer relationship management reveals positive and significant correlations with social responsibility (0.841, $p < 0.01$), social responsibility appears positive and remarkable correlations with competitive advantage (0.878, $p < 0.01$), and customer relationship management presents positive and notable correlations with competitive advantage (0.862, $p < 0.01$) that H1, H2, and H3 are supported.

Table 2. Overall linear structural model analysis result

evaluation item	parameter/evaluation standard	result	t
internal fit	customer relationship management → social responsibility	0.841	21.63**
	social responsibility → competitive advantage	0.878	37.56**
	customer relationship management → competitive advantage	0.862	32.41**

Note: * stands for $p < 0.05$, ** for $p < 0.01$, and *** for $p < 0.001$.

Table 3 shows the overall model fit standards $\chi^2/Df=1.583$, smaller than the standard 3, and $RMR=0.006$ that the results of χ^2/DF and RMR are appropriate. Furthermore, chi-square value is sensitive to sample size that it is not suitable for directly judging the fit. The overall model fit standards $GFI=0.954$ and $AGFI=0.926$ are higher than the standard 0.9 (the closer GFI and $AGFI$ to 1 revealing the better model fit) that this model appears better goodness-of-fit.

Table 3. Overall linear structural model analysis result

overall fit	X2/Df	1.583
	GFI	0.954
	AGFI	0.926
	RMR	0.006

Note: * stands for $p < 0.05$, ** for $p < 0.01$, and *** for $p < 0.001$.

Conclusion

According to the research results, social responsibility and environmental protection, beyond profits, are emphasized in the society. Past research mainly explored quantitative profits and regulated environmental protection, but rarely involved in the casual relationship of social responsibility and customer relationship management. Customer relationship management and social responsibility have become primary issues for sustainable management, aiming to construct and ensure the long-term mutual benefit with stakeholders in order to maintain the strength. When marketing changes from transaction orientation into relationship orientation, the pursuit of sustainably mutual benefits with customers becomes the key in customer relationship management and the objective of social responsibility promotion. Besides, green supply chain and green consumption being the management issues has enterprises pay more attention to stakeholders' anticipation of social responsibility. Social responsibility promotion is positively affected by customer relationship management key activities and competitive advantage. For this reason, customer relationship management oriented high-tech enterprises should positively promote social responsibility. A high-tech organization being able to establish knowledge management ability relies on the assistance of customer relationship management. With benign interaction and relationship establishment with customers to actively understand stakeholders' needs for social responsibility, enhance service satisfaction, acquire trust, and establish high-loyalty customers, the vision of sustainable competitive advantage would be co-created. High-tech industry well doing the social responsibility would appear positive effects on corporate image and help maintain competitive advantage of the company. Social responsibility of high-tech industry could be a unique strength in the market and create the competitive advantage of the company.

Recommendations

From the important research results and findings, the following practical suggestions are proposed in this study.

1) A leader in high-tech industry must propose unique value to satisfy the needs of target customer groups and stress on product attributes, consumer benefits, employee-customer relationship, and corporate trust. The competitive advantage of high-tech industry is originated from the design of value chain activities. High-tech industry therefore has to make social responsibility plans related to the society and the company to reinforce the long-term competitiveness.

2) Future high-tech industry should be based on customer relationship management to actively understand stakeholders' needs for social responsibility, stress on all stakeholders' value and welfare, and do more and deeper research and discussions on competitiveness and environmental protection issues to maintain the competitive advantage and operating performance.

3) High-tech industry should positively exchange and cooperate with research and training units, training associations, academic units, or management consulting firms to reinforce the service, sales, marketing, and communication cultivation and education of employees. It aims to present complete and sufficient professional knowledge and ability, provide complete and excellent products and service for customers, satisfy customer needs, and promote customer relationship management.

4) The government should not deal with social problems by sacrificing the benefit of high-tech industry, but should make proper regulations to promote the shared value of competitiveness and the economic and social value of sustainable development. Furthermore, proper regulations could be preceded to restrict high-tech industry making profits with fraud to damage public benefits. It would ensure the benefit of well-managed high-tech industry flowing to customers, suppliers, and employees.

References

- Baloglu, S., Zhong, Y.Y., & Tanford, S. (2017). Casino loyalty: The influence of loyalty program, switching costs, and trust. *Journal of Hospitality & Tourism Research*, 41(7), 846-868. DOI: 10.1177/1096348014550922
- Chen, Y.C., Hung, M., & Wang, Y. (2018). The effect of mandatory CSR disclosure on firm profitability and social externalities: Evidence from China. *Journal of Accounting and Economics*, 65, 169-190. DOI: 10.1016/j.jacceco.2017.11.009
- Chirumalla, K., Oghazi, P., & Parida, V. (2018). Social media engagement strategy: Investigation of marketing and R&D interfaces in manufacturing industry. *Industrial Marketing Management*, 74, 138-149. DOI: 10.1016/j.indmarman.2017.10.001
- Cui, L., Zhang, M., Wu, K.J., Tseng, M.L. (2018). Constructing a hierarchical agribusiness framework in Chinese belt and road initiatives under uncertainty. *Sustainability*, 10, 251, DOI: 10.3390/su10010251.

- Diffley, S., McCole, P., & Carvajal-Trujillo, E. (2018). Examining social customer relationship management among Irish hotels. *International Journal of Contemporary Hospitality Management*, 30(2), 1072-1091. DOI: 10.1108/IJCHM-08-2016-0415
- Falasca, M., Zhang, J., Conchar, M., & Li, L. (2017). The impact of customer knowledge and marketing dynamic capability on innovation performance: an empirical analysis. *Journal of Business & Industrial Marketing*, 32(7), 901-912. DOI: 10.1108/JBIM-12-2016-0289
- Gulbahar, B. (2017). The Relationship Between Work Engagement and Organizational Trust: A Study of Elementary School Teachers in Turkey. *Journal of Education and Training Studies*, 5(2), 149-159. DOI: 10.11114/jets.v5i2.2052
- Kargaran, S., Jami Pour, M., & Moeini, H. (2017). Successful customer knowledge management implementation through social media capabilities. *VINE Journal of Information and Knowledge Management Systems*, 47(3), 353-371. DOI: 10.1108/VJKMS-11-2016-0066
- Khosravi, A., & Nilashi, M. (2018). Toward software quality enhancement by Customer Knowledge Management in software companies. *Telematics and Informatics*, 35(1), 18-37. DOI: 10.1016/j.tele.2017.09.007
- Maestrini, V., Luzzini, D., Shani, A. B., & Canterino, F. (2016). The action research cycle reloaded: Conducting action research across buyer-supplier relationships. *Journal of Purchasing & Supply Management*, 22, 289-298. DOI: 10.1016/j.pursup.2016.06.002
- Muninger, M.I., Hammedi, W., & Mahr, D. (2019). The value of social media for innovation: A capability perspective. *Journal of Business Research*, 95, 116-127. DOI: 10.1016/j.jbusres.2018.10.012
- Nieves, J., & Diaz-Meneses, G. (2018). Knowledge sources and innovation in the hotel industry: Empirical analysis on Gran Canaria Island, a mature mass-tourism destination. *International Journal of Contemporary Hospitality Management*, 30(6), 2537-2561. DOI: 10.1108/IJCHM-07-2016-0341
- Park, J.Y., Im, I., & Sung, C.S. (2017). Is social networking a waste of time? The impact of social network and knowledge characteristics on job performance. *Knowledge Management Research & Practice*, 15(4), 560-571. DOI: 10.1057/s41275-017-0071-9
- Pedron, C.D., Picoto, W.N., Colaco, M., & Araujo, C. C. (2018). CRM System: the Role of Dynamic Capabilities in creating Innovation Capability. *Brazilian Business Review*, 15(5), 494-511. DOI: 10.15728/bbr.2018.15.5.6
- Pee, L. G., Jiang, J., & Klein, G. (2018). Signaling effect of website usability on repurchase intention. *International Journal of Information Management*, 39, 228-241. DOI: 10.1016/j.ijinfomgt.2017.12.010
- Scannell, L., & Gifford, R. (2017). The experienced psychological benefits of place attachment. *Journal of Environmental Psychology*, 51, 256-269. DOI: 10.1016/j.jenvp.2017.04.001
- Wan, L.C., & Wyer Jr, R.S. (2018). The Influence of Incidental Similarity on Observers' Causal Attributions and Reactions to a Service Failure. *Journal of Consumer Research*, 45(6), 1350-1368.

- Wang, Z., & Kim, H.G. (2017). Can social media marketing improve customer relationship capabilities and firm performance? Dynamic capability perspective. *Journal of Interactive Marketing*, 39, 15-26. DOI: 10.1016/j.intmar.2017.02.004
- Yang, S., Yang, S., Song, Y., Song, Y., Chen, S., Chen, S., ... & Xia, X. (2017). Why are customers loyal in sharing-economy services? A relational benefits perspective. *Journal of Services Marketing*, 31(1), 48-62.
- Zeng, B., & Yen, B.P.C., (2017). Rethinking the role of partnerships in global supply chains: A risk-based perspective. *International Journal of Production Economics*, 185, 52-62. DOI; 10.1016/j.ijpe.2016.12.004
- Zhang, M., Guo, L., Hu, M., & Liu, W. (2017). Influence of customer engagement with company social networks on stickiness: Mediating effect of customer value creation. *International Journal of Information Management*, 37(3), 229-240. DOI: 10.1016/j.ijinfomgt.2016.04.010
- Zhang, R. (2017). The stress-buffering effect of self-disclosure on Facebook: an examination of stressful life events, social support, and mental health among college students. *Computers in Human Behavior*, 75, 527-537. DOI: 10.1016/j.chb.2017.05.043