

# SOCIAL CUSTOMER RELATIONSHIP MANAGEMENT CAPABILITIES AND PERFORMANCE: MODERATING SOCIAL MEDIA USAGE AMONG SMES JORDANIAN

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## ABSTRACT

*Social media use is becoming Widespread, and SMEs need to administer this method to realize their strategic objectives. SMEs find it imperative to adjust their approach to the management of customer relationship and to improve new Administrative and marketing capabilities to refinement SMEs performance. The aim of this research is to explore how the use of social media can help SMEs build new social CRM capabilities and Optimizing Marketing Strategies and SMEs performance. Thus, this study proposes that social CRM capabilities are very important when SMEs incorporate social media use into their strategies of marketing to enhancement SME performance. Survey data were collected from 129 managers of SMEs in Jordan, and regression analysis used. This research contributes to prior researches by confirming a novel form of social CRM capabilities using resource-based view theory frameworks, and by asserting that social media use plays a moderating role by maximizing the significant impact of social CRM capabilities on SME performance.*

**Keywords:** Customer Relationship Management, SMEs, Social CRM Capabilities, Social Media

## INTRODUCTION

Customer Relationship Management (CRM) literature emphasized the need to create shared value between the organization and its Clients as a way to develop and maintain relationships with customers and increasing profits, and within the belief that loyal customers are desirable sources of profits, which are achieved through the process of interaction with customers, information management or CRM process obtained from those interactions (Agnihotri et al., 2017; Guha et al., 2018; Foltean et al., 2019; Mithas et al., 2011; Olayah, 2019; Rodriguez et al., 2015). However, results have been mixed and unclear regarding the implementation of CRM initiatives, with a failure rate of 30-70% in some international studies (Alshourah, 2012). Nevertheless, managers are paying increasing attention to SM technologies as a way to overcome obstacles to implementing effective CRM initiatives. In this scenario, previous studies emphasized that expanding CRM into a social CRM or CRM process context (Foltean et al., 2019; Olayah, 2019; Ali et al., 2020; Harrigan et al., 2020). Evidence, by reviewing nearly 28 articles by Alalwan, et al., (2017) on SM and CRM, the study reported that nearly 91% of researchers support SM as a new instrument that can help organizations maintain their relationship with their target customers and enhance organizational performance. Additionally, he recommended that this topic needs more attention to examine the effective use of SM for purposes related to building and maintaining a CRM to enhance organizational performance. Hence, thus far, effective implementation of social CRM has become a top priority for managers (Chuang, 2020; Guha et al., 2018). Small and Medium Enterprises (SMEs) are the driving force of most of the world's economies, especially in times of economic contraction (Al-Olaya, 2019). SMEs have limited resources and expertise, and their impact on their environment

is limited, all of which affects their ability to specifically carry out marketing (Al Tawara & Gide, 2017). According to an international study on levels of satisfaction with CRM performance conducted by IBM Business Consulting Services in 2004, it found that SMEs in America, Europe, and Asia, across all sectors of the industry, found 85% dissatisfied with the performance of CRM (Alshourah, 2012). In contrast, it is widely accepted in the literature that targeted flows of information from customers, competitors and capabilities are more conducive to the sustainable competitiveness of SMEs (Pérez-González et al., 2017) Therefore, more studies are needed on the use of SM technologies in information management processes and performance, especially in SMEs (Olayah, 2019). Moreover, SM has grown very rapidly since 2011 in Jordan. In Jordan contexts, the use of SM and CRM process in SMEs is still in the infantile stage, extremely important to investigate between information management processes or social CRM process and capabilities, and their impact on performance (Al Tawara & Gide, 2017; Alrousan et al., 2021; Karim et al., 2017).

This study builds on previous studies (Guha et al., 2018; Harrigan & Miles, 2014; Jayachandran et al., 2005; Wang & Kim, 2017). These studies conducted on CRM and social CRM in various industries and various environments; and they confirm that the incorporation of social media into CRM is a growing phenomenon leading to a new scientific paradigm; but there is still significant disagreement about its definition and meaning and lack of definition of the use of social CRM in the literature (Ali et al., 2020; El Mehelmi et al., 2019; Foltean et al., 2019; Guha et al., 2018; Olayah, 2019; Trainor et al., 2014; Wang & Kim, 2017) and the framework (Trainor et al., 2012; Trainor et al., 2014) for the effective implementation and evaluation of social CRM practices. However, few scholars (Jayachandran et al., 2005; Moreno & Melendez, 2011; Mithas et al., 2011), found projects of SCRM to have a little impact on the customer and financial performance. Additionally, previous studies have shown that social relationship management techniques alone rarely give direct value to organizations for improving performance, thus they are more effective in doing so when combined with other resources such as SM technologies. However, this is a reflection of RBV's theory philosophy that must integrate the resources and capabilities of the organization to improve organizational performance. Hence, the purposes of the research embrace the following.

1. To investigate the effect of capabilities of SCRM on the performance of SMEs.
2. To investigate SM usage plays a role a moderating between SCRM on the performance of SMEs

## **LITERATURE REVIEW**

### **Social CRM process**

Marketing and management leveraged prior studies from RBV theory to identify likely three of these antecedents. It is (1) the direction that consists of the company's values and behaviors, (2) the information that demonstrates the quality, availability, and depth of information about customer relations and the use of CRM systems, and (3) the configuration as the supporting structures, incentives, and controls (Trainor et al., 2014; Olayah, 2019). The perspective of the CRM process views capabilities and resources as inputs that are transformed in a method that allows desired outputs to be achieved. Thus, resource information plays an important role in the process of CRM (Jermisittiparsert et al., 2018; Sultan, 2012). However, the importance of management of information and customer interaction in process of CRM has been emphasized in the CRM past studies (Wang & Kim, 2017). According to Jermisittiparsert, et al., (2018), thus, CRM operations must be designed to facilitate close interactions between customers and firms, and information gathering from these interactions can then be processed such that customer knowledge can be created and applied to respond to customer needs and wants (Harrigan et al., 2020). Consequently, the information management is also necessary as "to collect information about customers in the context of a relationship, and offer those customers a superior value proposition based on this knowledge, will be a key advantage, hard

to imitate” (Diffley & McCole, 2015). According to Olayah (2019) there is a lack of a definition of Social CRM in past studies, this study depends on Jayachandran, et al., (2005), relational customer information processes conceptualization, originally involving five dimensions of reciprocity, access, information integration, capture, and use information, these dimensions represent the organizational routines essential for CRM (Diffley & McCole, 2015). This study unclouded information reciprocity because it’s related to customers (front office) (Harrigan et al., 2020).

According to Diffley & McCole (2015); Harrigan, et al., (2020); Jayachandran, et al., (2005) Information capture is “current and comprehensive information must be obtained from customer interactions if relationships with clients are to be developed”, Information integration It is “imperative to integrate information of the customer from the various sources that interact with customers to develop a comprehensive customer relationship account and to ensure that information of the customer is not lost”, Information access it means the marketer or owner-manager has access to all the information of the customers, Information use it indicates how marketers use information of customer in decisions making.

### **Social Media use as Moderating Effects**

According to the firm's RBV theory, the firm's resources can generate synergistic effects on organizational performance (Barney, 1991). Therefore, aligning company strategic and technological resources substantial for enhancing organizational performance (Rapp et al., 2010). Provide evidence by Rapp, et al., (2010) a positive effect of interactivity between customer information processing and SM technology use as business resources on the customer-linking capability and enhance organizational performance. SMEs actively using SM can grow customer's awareness of their brand and themselves in addition to highlighting their intentions to participate in an interactive dialogue, thus increasing the impact of Social CRM on improving SMEs performance (Wang & Kim, 2017). Previous studies in the context of SM indicated that the use of SM has a strong moderate effect on the CRM process and the performance (Jermsittiparsert et al., 2018; Rodriguez et al., 2015; Trainor et al., 2014; Wang & Kim, 2017). For example, in the 232 companies using Facebook a North American study by Wang & Kim (2017) confirms that SM usage plays a moderating role by amplifying the positive impact of social CRM capabilities on organizational performance. Besides, to improve social CRM capabilities, companies must have the appropriate level of SM activities to attain organizational performance. The result seems to confirm by Jayachandran et al., (2005) that the use of SM technology positive the impact of relational customer information processes on the performance of customer relationship. In contrast, El Mehelmi & Sadek (2019) provide evidence for no significant interactivity effect of CRM technology and the CRM process, concluding that CRM technology does not moderate the relationship between the CRM process and new product performance. However, the first hypothesis was announced.

*H1: The use of SM technologies has a positive impact on the relationship between the use of social CRM capabilities and the performance of SMEs.*

### **Social CRM and Performance of SMEs**

In line with the previous studies and RBV theory proposes that the development of unique capabilities can be a source of superior performance (Nath et al., 2010). Organizations that have the resources, the capabilities, and the adept to turn them into operations that become value-added are more likely to improve performance (Jodeh, 2021). Past researches linkage SCRM initiatives to outcomes performance such as customer performance and financial performance (Al-Shourah & Al-Shourah, 2020; Charoensukmongkol & Sasatanun, 2017; Chuang, 2020; Harrigan et al., 2020; Nam et al., 2019; Wang & Kim, 2017). The positive impact of the social CRM process initiatives on the financial and customer aspects of

performance was recognized (Fan & Ku, 2010). Nevertheless, it remains critical in light of the failure of several CRM initiatives (Rapp et al., 2010). However, a study of structured interviews with the highest management level in Egyptian mobile telecommunications services by El-Mahmali & Sadiq (2019) found that SCRM is a critical tool for maintaining long-term relationships with clients which in turn affects the company's performance in terms of growth and profitability. Another study, data collected in a survey of 119 MSMEs in Slovenia by (Marolt et al., 2020) found that the intensity of adoption of social CRM has a positive effect on customer relationship performance. Finally, their findings indicate that social CRM adoption intensity can access more rich data about their customers and are better able to respond to market demands. Certainly, social information operations can transform primary customer data from SM into actionable insights that facilitate accurate and timely marketing efforts for clients will improve the performance of SMEs (Chuang, 2020; Jayachandran et al., 2005 Rittiboonchai et al., 2021). Thus he declares the second hypothesis:

*H2: social CRM capabilities are positively associated with SMEs performance.*

## METHODS

### Sample and Data Collection and Measures

Data collected from a random sample of SMEs in Amman drawn from the Ministry of Industry and Trade (MIT) in Jordan, and Amman that have the most SMEs in Jordan and were distributed managers/owners of SMEs by e-mail and hand. However, 300 questionnaires were distributed. Out of this number, the 129 respondents who responded that they were SCRM users and missing data are considered as the sample for this study, and they were considered for subsequent analysis (SPSS, Version 23).

Social CRM constructs were operationalized using an adapted scale of 18 items from Jayachandran, et al., (2005), and social media use for CRM was measured by eight items and was developed and adapted from Charoensukmongkol & Sasatanun (2017), and SMEs performance was measured by (Customer and financial performance) and adapted from Diffeleya & McColeb (2015); Sultan (2019). All items were rated on a five-point Likert scale Measured (Harrigan et al., 2020).

## DATA ANALYSIS

### Confirmatory Factor Analyses

The factor analysis conducted on Social CRM and SM use and performance of SMEs, and shows that the KMO value of 0.85, exceeding the recommended value of 0.5 (Hair et al., 1998). In addition, the Bartlett test for sphericity was critical ( $p=0.00$ ), Moreover, as shown in Table 1, the factors load is between 0.84 and 0.91. The reliability of these factors is 89, which indicates high reliability. Thus, supporting the inclusion of all items of the scale.

Items	Loadings	Reliability	No of items	Eigenvalues	Variance
SCRM	0.88	0.91	17	5.975	56.65
SMU	0.91	0.88	8	8.875	65.64
Performance	0.85	0.84	7	9.955	52.95

## Correlation Analysis

Hair, et al., (1998) suggested that to ensure that there are no multiple linear relationships; the correlation value should not exceed 0.90. As shown in Table 2, the highest parameter value is 0.753. Hence, multiple linear relationships were found in this study.

	SCRM	SMU	Performance
SCRM	1		
SMU	0.654	1	
Performance	0.589	0.753	1

## Regression Analysis

From regression analyzing results, Table 3 displays SM use influence as moderated between social CRM and the SMEs Performance. However, The R2 change and the F-change are significant from step 1 to 2 and from step 2 to 3 at 1% level with the introduction of the interaction terms indicating that social media use significantly influences the impact of social CRM on the Performance of SMEs. Therefore, hypothesis 1 is supported.

DV	Independent Variables	Beta Step 1	Beta Step 2	Beta Step 3
Performance	SCRM	0.193	0.191	0.354
	Moderating Social Media Use		-0.035	-0.127
	Interaction Term SCRM X Media Use			-0.533
	R2	0.407	0.409	0.478
	R2 Change	0.408	0.001	0.068
	F Change	55.105	0.510	10.285
	Sig. F change	0.000	0.476	0.000

Result table 4 displays that multiple regression analyses, the f value of 19.083 ( $p < .05$ ) indicates that the SCRM is significantly influencing SMEs Performance. However, the model is rather weak with SCRM explaining 16.1 percent of the variation ( $R=0.16$ ) in SMEs Performance. Therefore, hypothesis 2 is supported.

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	8.532	1	9.532	19.083	.000
Residual	53.568	96	.558		
Total	63.100	97			

IV: SCRM, DV: SMEs Performance

## DISCUSSION AND CONTRIBUTIONS

Examination of the findings study indicates that the processing of social customer information is important when SMEs incorporate SM use into their strategies of marketing for SMEs performance. This research also discovers social media technology use plays a vital moderate role between social customer-information processing and SMEs performance. This

finding supports previous studies such as (Jayachandran et al., 2005; Harrigan et al., 2020; Olayah, 2019).

### **Theoretical Implications**

This study validates the existence of the customer's social information capabilities (social CRM), which represent a novel model of social customer information capabilities with SM use and, this is in line with previous studies (Foltean et al., 2019; Guha et al., 2018). Moreover, the study confirms the role of social customer information capabilities as a major factor enhances the performance of SMEs. SM use is an important resource for building a novel form of social customer information capabilities for SME's performance. Furthermore, this research addition new insight by showing that SM use plays a moderating role by amplifying the positive impact of social customer information capabilities on the performance of SMEs. To improve social customer information capabilities, SMEs must have the appropriate level of SM use activities to realize the benefits and enhance SME's performance. Additionally, SM usage results in capturing consumer attention and innovative SMEs' faster response to the news marketing environment, in line with past researches (Chuang, 2020; Foltean et al., 2019; Harrigan et al., 2020; Olayah, 2019). This study calls for expanding the possibility of generalizing the relationship between corporate social CRM capabilities and their performance with various industries.

### **Implications of Managerial**

Our consequences can help practitioners modify future and marketing advertising strategies using SM. This research provides confirmation that investing in SM technology can give SMEs significant relationship management benefits and enhance the customer and financial performance of SMEs. SMEs should focus on developing marketing strategies that emphasize building customer relationships on SM allowing more customer-SMEs business interactions and enhance customer and financial performance of SMEs. Furthermore, this research indicates that managers\owners are thinking SM technology use should focus on how to do this the SM technologies integrate with existing CRM systems to support their SMEs capabilities and enhance customer and financial performance of SMEs.

## **CONCLUSION AND FURTHER RESEARCH**

In general, there are two limitations in this research. The survey research is a random sample sent by email and manually to managers with a response rate of approximately 30 percent. The research also focused on the SMEs in Amman. These limitations may hinder the generalization of these findings, but they remain an opportunity for future research in various sectors and settings. Moreover, this model study can be tested in various contexts, to provide more clearly empirical evidence on the formative nature of customer social information processes and the role of integrating social media use with customer information processing to improve performance and building customer relationships. Second, it will be interesting to explore different metrics of performance, rather than customers and financial performance from a manager's perspective.

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