Testing the Impact of Social CRM on Firm Performance: The Role of Customer Engagement, Innovation Performance and Social Media Use

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ABSTRACT

The present article proposes and validates a general model that studies the impact of social CRM on firm performance. The social media use is introduced as a moderating variable. Innovation performance and customer engagement are also introduced as mediating variables to make the model more integrative and comprehensive. For model validation purposes, a quantitative research was undertaken. An online survey was conducted. 195 responses were collected and a partial least squares analysis was used to test hypothesis and validate the research model. Results have shown mainly that social CRM has a positive direct impact on innovation performance and customer engagement. However, and surprisingly, customer engagement has shown no effect on the firm performance. In the same line, and contrary to our expectations, Social CRM did not show a causal and direct effect on firm performance; however, this effect was shown to be positively moderated by social media use. More details about the result evaluations are exposed in the core paper.

KEYWORDS
CRM, Customer Engagement, Innovation Performance, Mediating Effect, Moderating Effect, SCRM, Social Media Use

INTRODUCTION

The idea of this research began when we took a look into our modern lifestyle and see how our society is considering the new technologies in general and the social media in particular as an integral part our daily lives. We imagined how beneficial would be for companies to take an advantage the presence of this huge community into the various social media platforms and connecting with actual and potential customers, being able to have a real time interaction with them every day, every time and everywhere. Thus, they can understand their needs, benefit from their satisfaction as well as managing their complaints become much easier.

After delving into literature review, we’ve noticed that dealing in a real time with customers does exist in the reality and is ensured by a strategy called the social customer relationship management

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(SCRM). SCRM is considered as an extension of the traditional CRM which has been appeared in order to improve customer’s interactions and engagement with the company (Bjømolt et al., 2010; Kumar et al., 2010). As explained here before, the aim of this paper is to propose and validate an integrative research model of SCRM and firm performance that takes into consideration several intermediate variables such as social media use, customer engagement, and innovation performance.

**LITERATURE REVIEW AND RESEARCH FRAMEWORK**

**Customer Relationship Management (CRM)**

It is in the 60s that companies paid attention to the relationship management (RM) as a marketing approach. Since that time the marketing theory has known a big leap and firms have changed the way they behave as a consequence, they have refocused their concerns and strategies in moving from product to a customer-centric strategy in order to build and to strengthen their relationships with customers even for industries characterized by its high competitiveness where they understand that a dissatisfy customer can cause a serious damages to the company (Crosby, 2002, Rahimi and Kozak, 2017).

More as, according to Haenlein (2017), the CRM concept has made its appearance within the literature discussion in the 80s. Furthermore, the notion of services marketing has been more popular and many studies are done to differentiate it from products marketing (Sheth, 2001). Until that time, the marketing world doesn’t stop evolving and growing up and as a consequence the field has seen a remarkable transformation in the past 3 decades (Haenlein, 2017).

CRM doesn’t have a unique definition so in order to be able to cover this concept from all the aspects we have decided to group the definitions into two axes: CRM as a business strategy and CRM as a technology.

**CRM as a Business Strategy**

In the 90s CRM was defined by (Morgan and Hunt (1994), p28) as a “strategic approach to marketing underpinned by relationship marketing theory”.

Parvatiyar and Sheth (2001, p. 6) presented the CRM as “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer”. In the same line of ideas, Tarokh and Gahremanloo (2007, p. 1) defined the CRM “as the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit”. They also stated a link between the business intelligence (BI) and the CRM; they explained the importance role of the BI in a successful CRM implementation.

From their side, Nguyen et al. (2007, p. 3) presented the CRM as a business process that enable to “digitizing a staff’s knowledge about his or her customers” in order to not only know the customer behaviours, desires and attitudes but also to obtain a long-term and a sustainable relationship with them.

**CRM as a Technology Tool**

Campbell (2003) stated that although the numerous definitions of the CRM the common elements between them is the benefits that we can gain from bringing the technology within the CRM. According to Bose (2002), CRM is about combining the new technologies to the business process in order to satisfy customer’s needs at any given time.

Starkey and Woodcock (2002) stated that the CRM is an IT-enhanced value process, which identifies, mature, combine and focuses the various organizations’ capabilities to the customer’s opinion in order to deliver long term exceptional customer value, at a profit, to well-known existing and future customer segments.

Ryals and Knox (2001) pointed out on the fact that the CRM and IT are complementary and their combination lead to a successful CRM implementation.
Do Managerial Strategies Influence Service Behaviours?: Insights from a Qualitative Study
[www.igi-global.com/article/managerial-strategies-influence-service-behaviours/45731?camid=4v1a](www.igi-global.com/article/managerial-strategies-influence-service-behaviours/45731?camid=4v1a)