The Impact of Customer Relationship Management and Organizational Culture on Mass Customization Capability and Firm Performance

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ABSTRACT
In today’s world of heightened competition and ever-growing demand of customers, the development of customer-centric and learning-oriented culture, mass customization capability (MCC), and effective implementation of customer relationship management (CRM) are important determinants of success, but the existing research has largely overlooked how these factors interact and affect firm performance (FP). To address the gap, the present study proposes and empirically examines a framework that relates CRM and organizational culture (OC) to MCC and FP. Based on the data collected through a questionnaire-based survey of Indian manufacturing organizations, the proposed framework and associated hypotheses are empirically examined by using structural equation modelling based on partial least squares (PLS-SEM). The results indicate that the extent of effort employed by the firms to implement CRM and development of learning-oriented OC positively affects FP. Furthermore, MCC and OC have significant indirect impact on the relationship between CRM and FP.

KEYWORDS
Customer Relationship Management, Firm Performance, Mass Customization, Organizational Culture, Structural Equation Modelling Based On Partial Least Squares

1. INTRODUCTION
In the pursuit of gaining competitive advantage, organizations have shifted their focus from being production-oriented to market-oriented and market-oriented to customer-oriented (Blankson et al., 2013). Over the past decade, the notion of customer orientation has emerged as foremost consideration for surviving the tides of turbulent environment (Frambach et al., 2016; Racela, 2014; Piller, 2010). Organizations are recognizing the need to forge intimate bond with customers to get better insights of their needs, preferences, likes, and dislikes and to convert the prevailing demand heterogeneities into opportunity of gaining superior outcomes (Sota et al., 2018). Owing to the significance of customer orientation and customer satisfaction in enhancing firm performance (FP), a great amount of research has been conducted in the area of mass customization (MC) and customer relationship management (CRM). While CRM deals with attracting customers, developing close relationships, and allocating effective treatments to maintain these relationships (Ling-Yee, 2011); building on the...
information gathered from customers, MC serves as a means to satisfy their needs up to maximum possible extent by developing and offering individualized products and services (Pollard et al., 2016; Ullah and Narain, 2018). Significant body of literature have suggested various technological means to implement CRM and develop MCC. However, a more holistic approach is needed rather than a narrow technological persuasion. Therefore, the present study argues that to reap substantial benefits from CRM and MC, it is imperative to encourage appropriate behaviour among employees and implement appropriate strategies and practices which could, ultimately, lead to development of learning-oriented culture. Deshpande et al. (1993) argued that organizations having a learning-oriented culture possess the ability to place themselves at a more strategic position towards gaining sustainable competitive advantage. Additionally, CRM, MCC, OC and their effects on FP have been centre of attention for many researchers. Although, plethora of literature is available related to these variables, the interactions among them have been less researched. It is, thus, in this background the present research has been undertaken to explore and examine “how these factors interact and result in superior performance”. In this study, a research framework has been proposed and empirically validated by utilizing the data collected through a questionnaire-based survey of Indian manufacturing organizations. More specifically, the study examines the direct effects of CRM and OC on MCC and FP, the mediating effect of MCC on the relationships between CRM and FP, and OC and FP, and the moderating effect of OC on the relationship between CRM and FP.

The organization of this paper is as follows: Section 2 provides brief literature review related to variables of interest and proposes research framework and hypotheses, Section 3 explains the methodology adopted for the research, the testing of hypotheses and examination of results are presented in Section 4, and the last two sections (Section 5 and 6) include the discussion and the conclusions respectively.

2. LITERATURE REVIEW

2.1 Customer Relationship Management

Survival in the age of fastidious customer is a difficult task. Now it is more important than ever to stay in touch with customers as the customers have a plethora of choices to buy from. Establishing close and long-lasting relationships with customers provide organizations opportunities to gain better understanding, share knowledge, show commitment, and receive insights to develop/ tailor new values for mutual benefits (Osarenkhoe, 2008). Extant literature advocates implementation of CRM tools and practices to become more customer-centric and establish lasting relationships with customers (Sota et al., 2018; Lyons et al., 2012; Ernst et al., 2011; Chang et al., 2010). The momentum of CRM implementation is escalating among the businesses to improve product/service portfolios, lead management, sales forecasting, bid and quote management, and personalization (Rigby and Ledingham, 2004). With the advancement in information technologies, CRM systems are being widely implemented and leveraged for targeting specific customer segment on one-to-one basis (Bose and Sugumaran, 2003). The organizations could remain in contact with customer through a number of ways such as treating every customers as distinct individual by creating specific profiles and marking their importance, sending newsletters regarding new updates/offers, making customers feel special by greeting them on special occasions, asking them for recommendation and feedback of the products/services, requesting to update contact information, and offering them individually designed products/services. Assimilation of information gathered through frequent communication helps the organizations to examine existing products, services, and processes, and learn customers’ priorities in the course of developing best possible solutions to their distinct needs. Although CRM can roughly be defined as the mechanism of developing close ties with customers, the process of putting it into practice is quite comprehensive and requires a number of practices and improvements to be implemented in different aspects of business. Hong-kit Yim et al. (2004) explored the critical aspects of CRM implementation.
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