

CHAPTER 5

CRM-FIRM PERFORMANCE: COMPETITIVE ADVANTAGE MODEL - CONCEPTUAL DERIVATION AND HYPOTHESES

This chapter aims at proposing a conceptual framework to understand step-by-step CRM impact on Firm Performance. This chapter covers a discussion around 1) Background to the conceptualization of research model, 2) Different dimensions of CRM effectiveness, 3) Linking gap analysis and CRM-Firm Performance: Competitive Advantage Model, 4) Origin for Conceptual Framework, 5) Conceptual Framework for “CRM-Firm Performance: Competitive Advantage Model”, Hypotheses Development, Detailing latent variables, and Rationale for each Hypotheses, and lastly 6) Summarises constructs, latent variables, hypothetical linkages along with their sources.

5.1 Background to the Conceptualization of Research Model

With the advent of CRM concept during late 1990's, many organisations across globe started evaluating it as a *boon* or a *bane* from business standpoint. Many approaches were taken to define CRM from different perspectives to emphasize its importance. Some considered it to be a philosophy, some defined it from its degree of implementation (i.e. Strategic, Operational, Analytical), some viewed it to be technology-only solution, whereas some authors stressed on its strategic value.

Overall, many conceived it to be a pro-business philosophy and they jumped on to adaptation of this practice with very high expectation as “globalisation” and advent of rapid “technological advancements” (eg. internet) had started raising the

competitive bar. Organisations needed a much awaited booster to remain in business and flourish, CRM served the purpose to a greater extent.

This research focuses on proposing a model to reveal exact effects of CRM Capability in a CRM-Firm Performance association. Different researchers considered different parameters to measure the impact of CRM but none of them could provide a complete holistic end-to-end measurement approach. Many Firms proactively implement CRM program to improve their competency over their competitors. Yet they are unable to reap benefits from CRM implementation for various reasons as mentioned in Chapter 2. In addition to that, they are still unaware of exact measurement methodology to know progress and success of CRM. Hence, providing a common methodology for measuring the impact of CRM is need of hour.

Many CRM projects were considered failed in past and implementers didn't have correct way to measure impact of CRM program; and rectify the areas which needed improvement in the due course. Just implementation of CRM software and up-gradation of technology cannot assure benefits from CRM, it requires a wider approach on a strategic and operational level. Chapter 2 and 4 provide in-depth details around CRM concept and existing literature on the research topic. Both unanimously stress on the missing link and highlight the *gap* that we need a way to measure impact of CRM Program. Hence, in this chapter a conscious effort is made through a detailed model to 1) Identify the Enablers or Mediators or Drivers of Performance which are constructive in advancing the robust impact of CRM and, 2) Reveal the precise Latent Variables (indicative measures) for the performance measurement of all involved Enablers or Mediators or Drivers of performance.

5.2 Different Dimensions of CRM Effectiveness

Organisation's customer base is a combination of different quantity and sizes of customers. It could either be small size customers, medium size customers, large size customers or a combination thereof. Some businesses may have high percentage of large size customers whereas some may have only mid size or small size customers. The amount of business generated from each of them may differ.

There is no compulsion that large size customer will give more business and small or medium size customer will give rather less business or vice-versa. Hence, it becomes necessary for the organisations to identify those customers who are more valuable to them irrespective of their firm size and try to retain them for more profitability (Yim et al., 2004). If the company is able to up-sell and cross-sell to these valuable customers, retain them and turn them into a loyal customer base; then organisation's profitability will increase in folds creating a win-win situation (Chen and Popovich, 2003).

CRM brings attention to the notion that "*customer elimination is a process of customer selection*". While we await that CRM will begin at or after a certain point in sales cycle, rather it begins right when the organisation plans and considers approaching customers for business. It re-iterates the fact that winning every customer is not the key to success. Instead, winning that set of valuable customers who can result in expected profit generation will surely be the key to success.

CRM involves thorough evaluation of customers to ensure that the contract is signed with right customers and high quality services are offered to them (Bolton and Tarasi, 2006). From future profitability perspective, organisations put genuine effort in turning the low value customers to high value customers (Reinartz, et al. 2004; Yim et al., 2004). Investing focussed efforts on existing customers to gain more business falls cheaper on organisation's pocket than running after new customer acquisitions. Organisations discontinue working with those who does not seem much profitable and becomes challenging to the firm due to unrealistic expectations (Reinartz et al., 2004). CRM initiative primarily focuses on creating strong bonds with high value customers. The secondary objective remains to convert the less valuable customers to more valuable customer base and increase their loyalty towards them. This results in 1) More business from valued customers 2) Additional business from valued customer's referrals, and 3) More acquisition of new customers or winning more deals by using information about valued customers in sales and marketing campaigns.

Reinartz et al. (2004) describe three stages to be existing between an organisation and customer i.e. Acquisition, Retention and Termination phase. Sales

and Marketing only fits the first phase i.e. Acquisition Phase. “Retention” and “Termination” Phases are beyond “Acquisition” Phase, which confirms involvement of other departments of the organisation. One of the reasons for CRM initiative failure is that organisations do not understand the fact that CRM needs an integrated organisation wide and inter-functional customer-centric approach (Chen and Popovich, 2003). Customised treatment to selective customers forms basis for dual value creation for both customer and organisation thus sourcing real time maximisation of profits (Parvatiyar and Sheth, 2001; Bohling et al., 2006).

According to Raman et al. (2006) value can be delivered to customers in three ways: 1) Providing value to customers at lower cost (relative to competition), 2) Providing more value at the same relative cost (relative to competition), or 3) Providing more value at a lower cost (relative to competition). Hence, Firms derive value in two ways 1) Increased business from customers 2) More referrals from customers; both attributing to more profits.

In summary, CRM involves *cross-functional integration* and is focussed at all stages of business cycle i.e. acquisition, retention and termination phase in a firm-customer interaction. To foster long term-relationships, along with *Business cycle orientation* it brings-in valuable *customer selection orientation* by eliminating non-valuable customers. It also emphasises on value delivery to customer and value derivation from customer (*i.e. dual-value creation*) for creating long-term relationships.

5.3 Linking Gap Analysis and CRM-Firm Performance: Competitive Advantage Model

Organisations perceive CRM as an asset and hence emphasise on its imposition across the organisation for building long lasting relationship with customers (Yim et al., 2004). The readiness of the management to streamline its policies, incentives and rewards confirms their intentions for servicing customers better (Coltman, 2007; Yim et al., 2004).

Organisations are increasingly accepting the belief that CRM brings competitive advantage to the Firms (Wang et al., 2004). This openness in acceptance will be well complemented if they have substantial evidence on understanding the mechanism existing between CRM Capability and Firm Performance to enable their CRM program's success. Reimann et al. (2010) agreed that the association between CRM Capability and Firm Performance is not direct and hence needs to be understood properly.

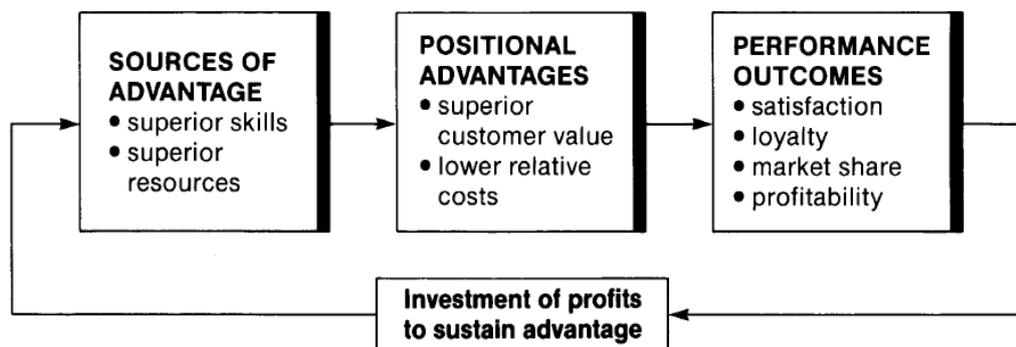
Several past studies have examined this relationship and some have acknowledged the presence of some intervening performance factors eg. Product Quality and Customer Satisfaction (Agus and Hassan, 2012); Service Quality, Customer Satisfaction, Customer Retention, Customer Loyalty (Pezeshki, 2009); Differentiation, Cost Leadership, Firm Performance (Reimann et al., 2010), Employee Performance (Moghadam et al., 2013); Customer Satisfaction, Technology Performance, Firm Size (Mithas et al., 2005); Customer Satisfaction, Customer Retention, Sales Growth, Technology Performance (Yim et al., 2004); Trust, Satisfaction and Commitment, Organisational Performance, Financial Performance (Chang, 2007); Technological Resources Performance, Customer Satisfaction, Human Resource Performance, Organisational Performance (Keramati et al., 2010). However, none have been able to provide a complete structural view from an organisational standpoint. While CRM concept is widely accepted in marketing literature, less evidence is available as far as its functioning in concerned (Pezeshki, 2009). Hence, it is must to provide a detailed framework that helps in understanding the impact of CRM on Firm Performance through Drivers of Performance, while also providing the measurement indicators. *CRM-Firm Performance: Competitive Advantage model* details the same.

5.4 Origin for Conceptual Framework

To measure the impact of CRM Capability on Firm Performance, the conceptual framework of my study derives its origin from the *Competitive Advantage Elements Model* proposed by Day and Wensley (1988).

Day and Wensley's (1988) framework conceives *competitive advantage* to be a derivative of sequential *sources*→*positions*→*performance* elements. "Sources" of advantage (i.e. Superior Skills, Superior Resources) converges to "Positional" advantage (i.e. Superior Customer Value, Lower Relative Costs) and ultimately results into "Performance" outcomes (i.e. Satisfaction, Loyalty, Market Share, Relative Profits).

Figure 5.1 The Elements of Competitive Advantage Model by Day and Wensley (1988)

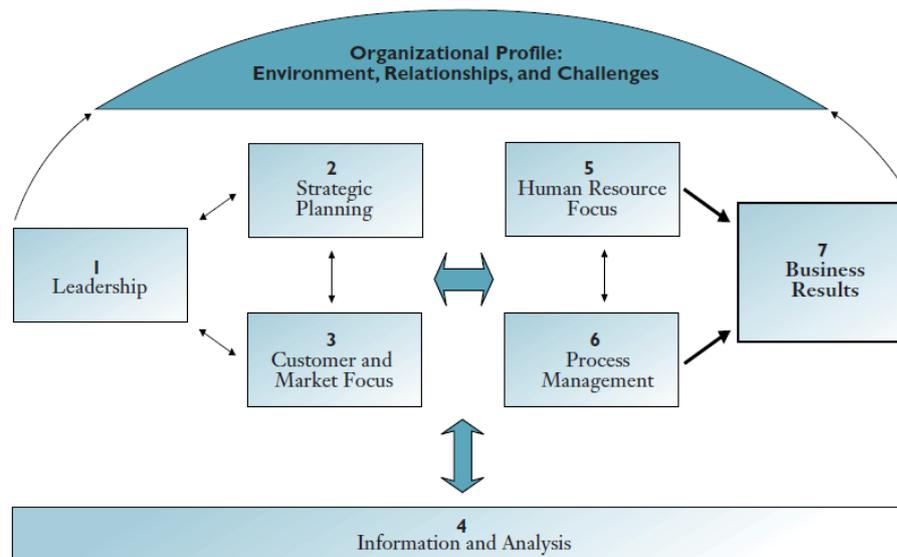


Broadly, my model also draws inspiration from Baldrige Criteria (2002), Balanced Score Card (Kaplan and Norton, 1996), CRM Implementation Model (Chen and Popovich, 2003), Service-Profit Chain (Heskett et al., 1994), and Performance Outcomes of CRM Process Model (Reinartz et al., 2004).

Baldrige Criteria (2002) for performance excellence embodies seven categories namely Leadership, Strategic Planning, Customer and Market Focus, Information and Analysis, Human Resource Focus, Process Management, Business Results which are found in high performing organisations.

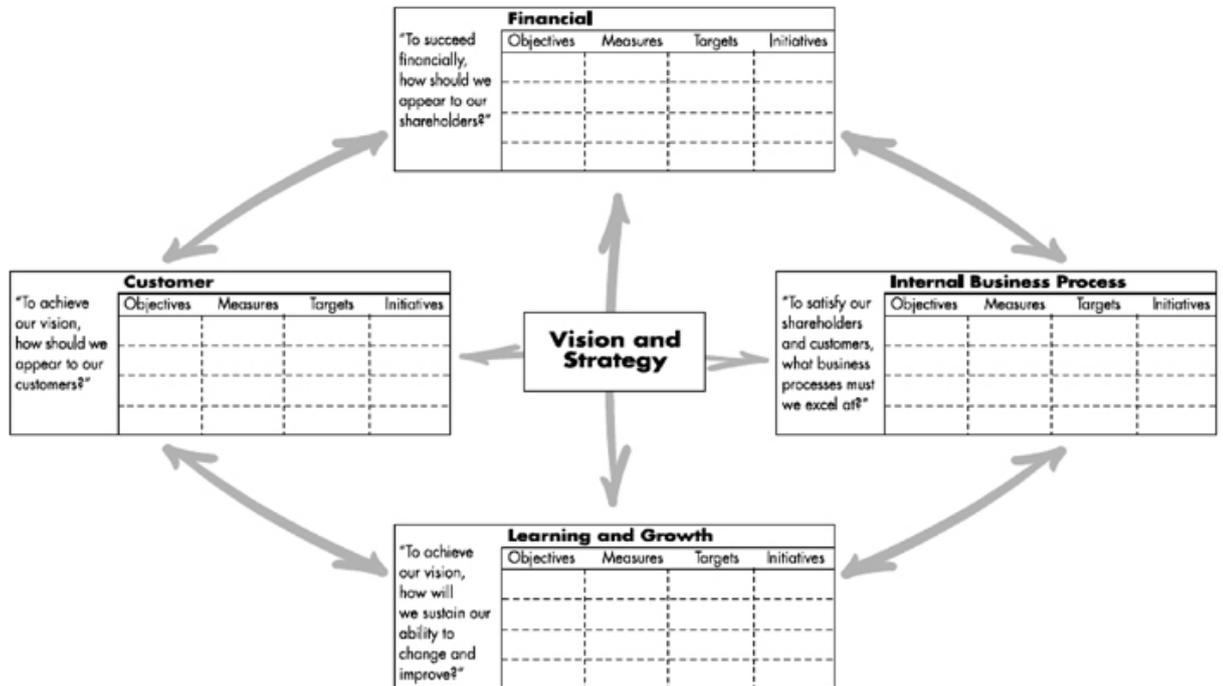
Mithas et al. (2011) in their research article mentions that Baldrige Criteria measures organizational performance against four dimensions i.e. Customer Performance, Employee Performance (i.e. Human Resource performance), Financial Performance and Organisational Effectiveness.

Figure 5.2 Baldrige Criteria (2002) - Performance Excellence Framework: A Systems Perspective



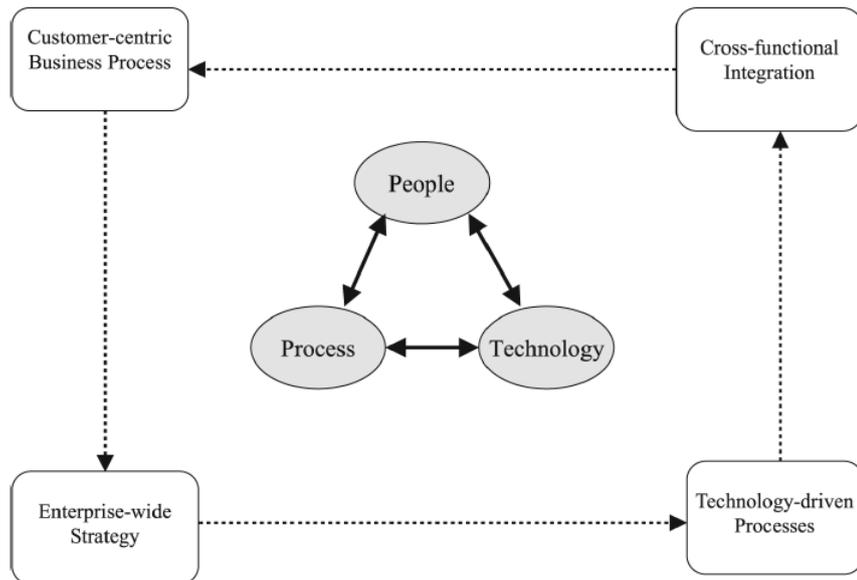
Balanced Score Card (BSC) concept by Kaplan and Norton (1996) also suggests four key performance indicators i.e. Customer Performance, Financial Performance, Learning and Growth, and Internal Performance. Where Learning and Growth to a larger degree relates to Employee Performance; Internal Performance is equivalent to Product or Service Performance; and Financial performance converges to Firm Performance.

Figure 5.3 Balanced Score Card by Kaplan and Norton (1996)



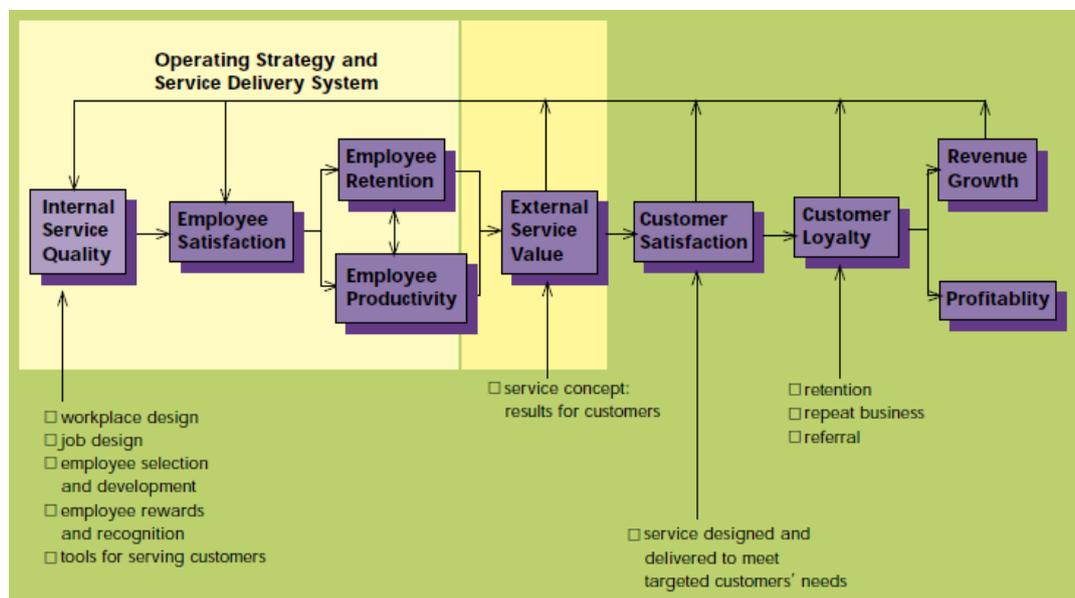
Chen and Popovich (2003) suggest that CRM initiative will be successful only if People, Process and Technology are integrated and performed well.

Figure 5.4 CRM Implementation Model by Chen and Popovich (2003)



Service Profit Chain proposed by Heskett et al. (1994) establishes relationship between Profitability, Customer Loyalty, Employee Satisfaction, Employee Loyalty and Productivity. High Quality Support Services and Policies enable Employee Satisfaction. Satisfied, Loyal and Productive Employees create Value. Value of services provided to customer influences Customer Satisfaction. Customer Satisfaction results in Customer Loyalty. Customer Loyalty simulates Profit and Growth. Heskett et al. (1994) advocate paradigm shift in managerial focus that considers investment in Employees and Technology an important mandate to achieve Firm profitability.

Figure 5.5 Service Profit Chain by Heskett et al. (1994)



Performance outcomes of CRM process model by Reinartz et al. (2004) reveals that there are three stages in CRM process i.e. Initiation, Maintenance, and Termination. Implementation of CRM processes relates to Organisation's Economic Performance. Refer figure 4.1 for more details.

To summarise, it becomes necessary to understand the chain between CRM Capability, Process Performance, Employee Performance, Technology Performance, Service Performance, Customer Performance and overall Firm Performance. The conceptual framework proposed in this study revolves around these parameters to understand CRM impact.

5.5 CRM-Firm Performance: Competitive Advantage Model – Conceptual Framework

CRM concept brings in sustainable competitive advantage through profound customer relationships as stickiness in relationship with customers can't be imitated by competitors (O'Boyle and Kamins, 2012; Day and Bulte, 2002; Coltman, 2007).

The proposed approach considers CRM as strategic process (Agus and Hassan, 2012) involving cross-functional integration (Yim et al., 2004) and has sequential multi-dimensional impact (Payne and Frow, 2005; Coltman, 2007). To a larger degree it takes into account the importance of Resource Based View (RBV) as quoted by Wernerfelt (1984). Resource based performance view has been widely applauded in the literature (Wang and Feng, 2012). The literature remains silent on disclosing the exact linkage that produces CRM impact (Reimann et al., 2010). Hence, understanding how CRM Capability percolates its effects or impacts through organisational resources is of prime importance both from theoretical and practical standpoint.

Current proposed operational relationship helps in assessing the percolating impact of CRM Capability in a sequential manner.

- First and foremost, it represents the importance of CRM Capability that brings competitive advantage to the firm and considers it to be an organizational capability in-line with Reimann et al. (2010).
- Secondly, it captures its mediating impact on factors like Employees, Process and Technology. Literature reveals that CRM harnesses these three base factors to manage, optimise and advance sustained relationships with customers (Chen and Popovich, 2003).
- Thirdly, it acknowledges the relative impact of these base factors on bringing differentiation in Service Performance (Heskett et al., 1994).

- Fourthly, it evaluates the link between Service Performance and Customer Performance (Pezeshki, 2009; Heskett et al., 1994).
- Lastly, it discloses how Customer Performance permits positioning of Firm Performance in competitive environment (Kaplan and Norton, 1996; Mithas et al., 2011; Pezeshki, 2009).

The proposed conceptual framework i.e. CRM-Firm Performance: Competitive Advantage Model is shown in Figure 5.6 and Figure 5.7.

Figure 5.6 systematically shows the constructs and the proposed hypothetical relationships. Figure 5.7 details out the constructs and the latent variables.

In summary, the model has 7 constructs namely: CRM Capability, Process Performance, Employee Performance, Technology Performance, Service Performance, Customer Performance and Firm Performance.

CRM Capability is considered as an independent variable whereas Firm Performance is a dependent variable. Process Performance, Employee Performance, Technology Performance, Service Performance, Customer Performance are mediating variables also termed as drivers of performance.

Figure 5.6 CRM-Firm Performance: Competitive Advantage Model (Indicating Hypotheses)

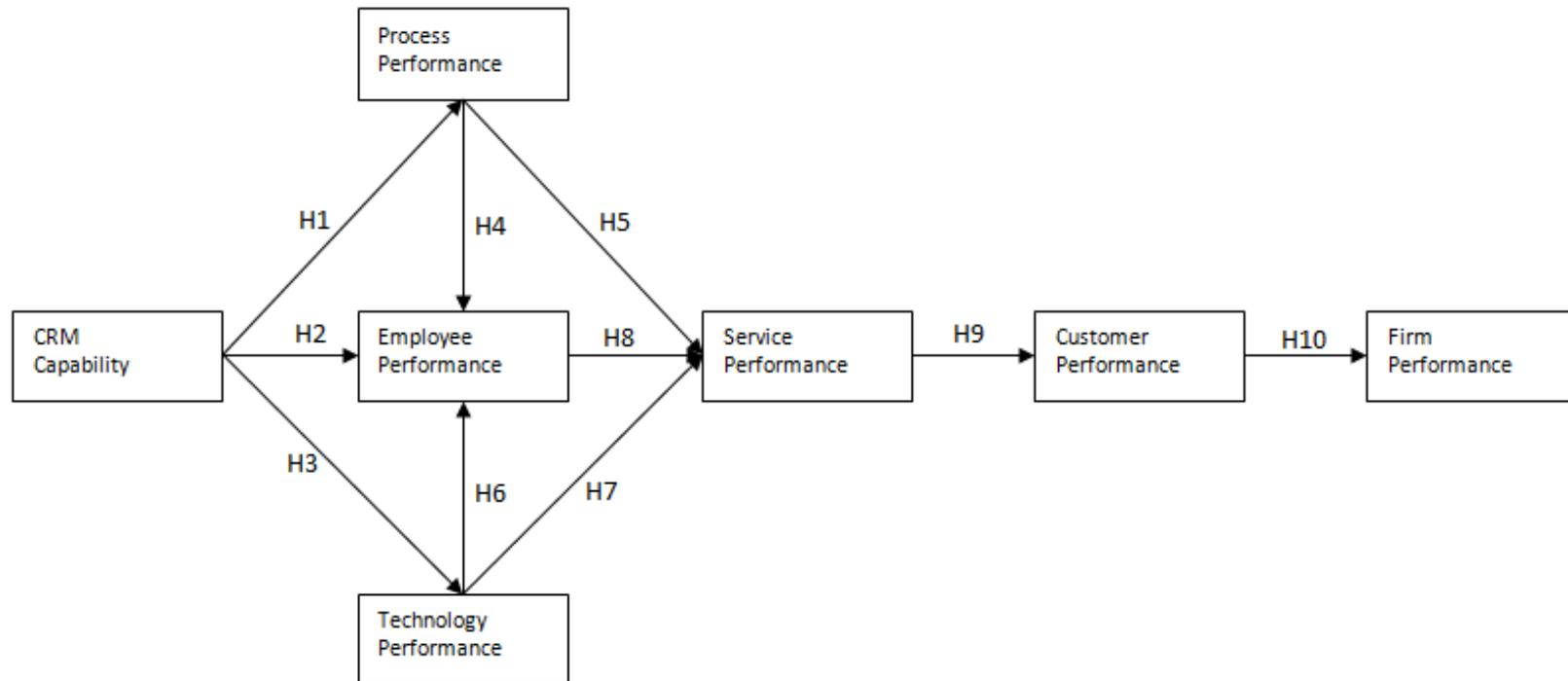
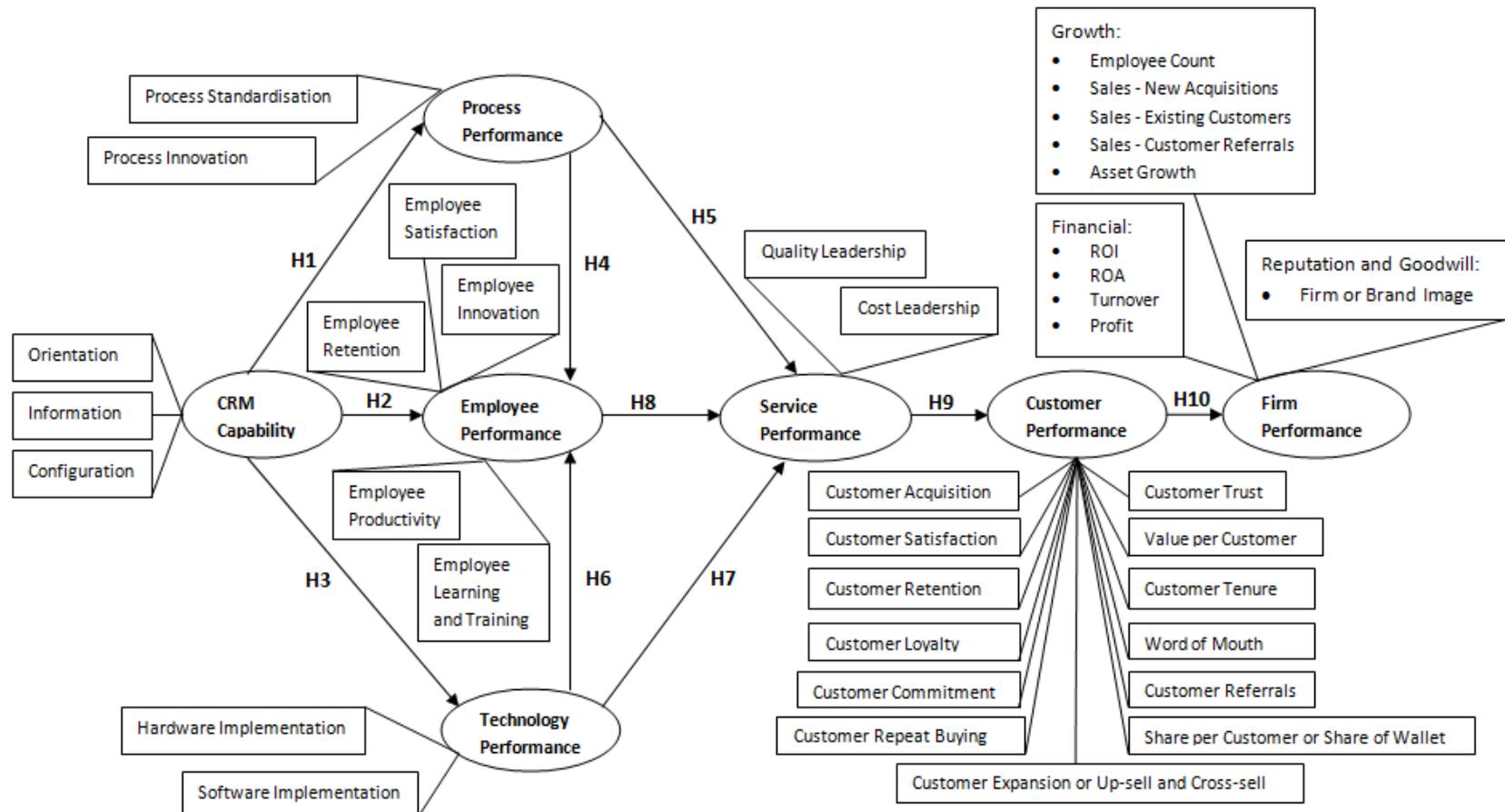


Figure 5.7 CRM-Firm Performance: Competitive Advantage Model (Indicating Latent Variables)



The measurement variables in the study are “*Latent Variables*” and are measured using multiple scale items. Details of the same are given below:

- CRM Capability has three latent variables (*Orientation – 9 item scale, Information – 6 item scale, Configuration – 5 item scale*)
- Process Performance has two latent variables (*Process Standardization – 5 item scale, Process Innovation – 2 item scale*)
- Employee Performance has five latent variables (*Employee Satisfaction – 1 item scale, Employee Retention – 1 item scale, Employee Innovation – 1 item scale, Employee Productivity – 1 item scale, Employee Training and Learning – 1 item scale*)
- Technology Performance has two latent variables (*Hardware Implementation – 1 item scale, Software Implementation – 2 item scale*)
- Service Performance has two latent variables (*Quality Leadership – 5 item scale, Cost Leadership – 2 item scale*)
- Customer Performance has thirteen latent variables (*Customer Acquisition – 1 item scale, Customer Satisfaction – 1 item scale, Customer Retention – 1 item scale, Customer Loyalty – 1 item scale, Customer Commitment – 1 item scale, Customer Repeat Buying – 1 item scale, Customer Expansion or Up-sell and Cross-sell – 1 item scale, Share per Customer or Share of Wallet – 1 item scale, Customer Referrals – 1 item scale, Word of Mouth – 1 item scale, Customer Tenure – 1 item scale, Value per Customer – 1 item scale, Customer Trust – 1 item scale*)
- Firm Performance has three latent variables (*Financial – 4 item scale, Growth – 5 item scale, Reputation and Goodwill – 1 item scale*)

SEM could not be performed to test the proposed hypothetical model as SEM is a large sample test. Hence, Path Analysis was performed to validate the hypothetical model and study relationship between multiple variables simultaneously. Therefore, each *latent variable* was converted into *observed variable* by combining multiple item scale into a single item scale.

More details about the constructs, latent variables are covered in next sections and the scales item are covered in next chapter.

5.6 Research Hypotheses

Considering the impact of CRM Capability on Firm Performance through drivers of performance, proposed null and alternative hypotheses are as follows:

H₀ = CRM Capability coupled with drivers of performance (i.e. Process Performance, Employee Performance, Technology Performance, Service Performance, Customer Performance) will not have positive impact on Firm Performance.

H_A = CRM Capability coupled with drivers of performance (i.e. Process Performance, Employee Performance, Technology Performance, Service Performance, Customer Performance) will have positive impact on Firm Performance.

5.6.1 CRM Capability and Latent Variables

CRM Capability is deduced based on the original framework developed by Day (2002) who identifies CRM Capability to be a combination of three precursors i.e. "Orientation", "Information" and "Configuration".

Orientation illustrates firm's strategic mindset and policy; *Information* depicts the quality of data and its deployment to differentiate, value and prioritise customers; and *Configuration* refers to the customised marketing efforts and services offerings, Technical or Non -Technical resource availability, Incentives. Thus, it accentuates organizational culture, strategic policies, reward systems, structuring customer-focussed hierarchy to cultivate customer centric values (Gurau et al., 2003; Yim et al., 2004).

Therefore, the three latent variables that describe CRM Capability can be summarised as Orientation, Information, and Configuration. CRM Capability

construct by Day (2002) has been used for the purpose of this research including its latent variables Orientation, Information, and Configuration.

5.6.2 Rationale for Hypotheses H1, H2 and H3

H1: CRM Capability has a positive impact on Process Performance.

H2: CRM Capability has a positive impact on Employee Performance.

H3: CRM Capability has a positive impact on Technology Performance.

CRM initiative is driven by some underlying components. Three such underlying components identified are *People, Process* and *Technology* (Chen and Popovich, 2003; Ryals and Knox, 2001; Crosby et al., 2002; Yim et al., 2004; Mandic, 2011) which represents the customer centric approach (Srisamran and Ractham, 2014). Unison contribution of these components is required for persuasive relationship building (Yim et al., 2004).

The process of building and managing a relationship is not a one-time activity; rather it is a systematic process and is gradually done over a period of time. Hence, these dimensions are considered vital to understand if CRM initiatives are driven well across enterprise wide spectrum. The CRM Capability which is perceived by the Leadership to be resultant of Relationship Orientation, Information Compilation and Knowledge Deployment, and Configuration of Resources (Day, 2002) implicates its catalytic effect on and through the crucial, indispensable, acute dimensional integrated drivers of performance i.e. *People, Process* and *Technology* to sustain the objectivity of the mentioned phenomenon (Buttle, 2004; Rababah et al., 2011).

Performance Excellence Framework (Baldrige Criteria, 2002) considers Leadership, Strategic Planning, Customer and Market Focus to be mediating impact on Employees (Human Resource) and Process Management, Technology Support (Information and Analysis) and overall Business Results. Leadership (Moghadam et al., 2013; Buttle, 2004), Strategic Planning (Gurau et al. 2003), Customer Focus (Buttle, 2004; Kumar and Peterson, 2005) and Market Focus (Kohli et al., 1993) are considered to be cornerstones for CRM Capability foundation.

The Balanced Card approach also ascertains the importance of link between drivers of performance and outcome measures because outcome measure without the drivers of performance are unable to exactly disclose how the outcomes are achieved (Kaplan and Norton, 1996). Hence, organisation may achieve their short term operational goals but will fail to sustain in the long run without following this linkage.

Kaplan and Norton (1996) articulated that for organisational growth, learning from three sources which include people performance, system i.e. technology performance, and organizational procedure i.e. processes performance is required; and reducing the gaps in them will essentially form a foundation for breakthrough performance. They further mention that an investment in reducing gaps in these will also have a huge impact on generic outcomes. Measurable returns are expected only when technology is combined with people and skills; isolated focus on IT barely results in any effective returns (Coltman et al., 2011).

Therefore, it can be postulated that CRM Capability can be linked to fundamental factors i.e. Employee Performance, Process Performance and Technology Performance in consistency with sources-->position-->performance framework where CRM Capability represents the source and Employee Performance, Process Performance and Technology Performance represents Positions. Thus, we can propose the hypotheses H1, H2 and H3.

5.6.3 Process Performance and Latent Variables

Processes Performance defines the manner in which things are performed in the organisation and are supporting factor to carry forward the effect of CRM initiative (Buttle, 2004). Streamlined Processes from both outside-in perspectives has an implication on simulating customer trading, overall cost incurred and revenues generated.

Efficiency and effectiveness of Processes determines how beneficial it is in delivering the enhanced value to customers (Buttle, 2004; Wang et al., 2004). Adherence to the operationalised front-end and back-end processes for employee

work management, customer interaction management, inter-departmental or cross functional interactions has a major dig on overall Process Performance.

Rababah et al. (2011) reveals four perspectives of CRM processes that virtually increase possibility of CRM initiative success and these are: customer facing processes, customer oriented processes, cross-functional processes, and macro-level processes.

Two distinctive latent variables paramount for thriving substantial Process Performance are *Process Standardisation* (Kaplan and Norton, 1996) and *Process Innovation* (Buttle, 2004; Kaplan and Norton, 1996). Both attributes are beneficial in customising the business operating cycle. Kaplan and Norton (1996) highlight the importance of existence of standardised processes for the success of organisational strategy.

Process Standardisation by means of improvised Process Quality, Process Cycle time is anecdote to the on-time delivery of the services (Kaplan and Norton, 1996). *Process Innovation* is another compelling aspect for delivering improved value to customers over long run and bringing categorical differentiation from industry competitors through innovativeness (Buttle, 2004; Kaplan and Norton, 1996). Re-designing business processes extends help by modifying existing work practices and encourages innovative methods for internal as well as external organisational collaborations (Chen and Popovich, 2003).

Therefore, the two latent variables that describe Process Performance can be summarised as Process Standardisation and Process Innovation.

5.6.4 Rationale for Hypotheses H4 and H5

H4: Process Performance has a positive impact on Employee Performance.

H5: Process Performance has a positive impact on Service Performance.

To deliver optimum value, CRM Capability ensures that the processes are standardised in terms of reduced cycle time, improved quality and are optimised for

entailing innovativeness. Process Standardisation cum Innovation is imperative to service delivery (Heskett et al., 1994). Streamlined process ensures the inter-functional amalgamation and thus improves the service performance. Process Performance also acts as an enabler to Employee Performance by making the standardised platform available to help them follow quality improvement practices for developing and delivering superior services (Chen and Popovich, 2003). Process Performance and Employee Performance are immediate mediators on which CRM impact is reflected. Service Performance is also a mediator which gets impacted by the mediators Process Performance and Employee Performance. In the sources-->position-->performance framework, all these variables capture Position place. Thus, we can propose the hypotheses H4 and H5.

5.6.5 Technology Performance and Latent Variables

Main focus of CRM lies in the selection, management of high value key customers and building relationship with them (Yim et al., 2004; Rababah et al., 2011). Technology advancement creates big impact on marketing opportunities and verily transforms interactions between organisations and its target audience (Ştefan and Cardoso, 2010). Technology Performance is a strong facilitator to CRM activities and hence key to CRM success (Reinartz et al., 2004; Tippins and Sohi, 2003). Yim et al. (2004) also recognizes the importance of technology in storing and organizing information to mutate it into customer knowledge which acts as an entry point to accommodate personalized offerings for individual customers. While organisational focus is on high value customers, it also takes into consideration streamlined efforts to convert low value customer base to high value customer base. To achieve this, Firms need supporting information technology which is a key moderator or enabler in gauging this aspect (Reinartz et al., 2004).

Information management helps in attaining competency through better decision making and hence crucial for CRM success (Day, 2002; Day and Bulte, 2002; Chen and Popovich, 2003). CRM Capability takes due advantage of technological innovations to improve data collection and analysis about customer patterns, interpreting their behaviour, developing predictive models, responding with effective timely personalised communications, and delivering high product or

service value (Chen and Popovich, 2003). A wise investment is a must in Technology to create 360 degree customer view (Yim et al., 2004). Innovative technologies help in better accumulation, storage, maintenance and dissemination of customer knowledge across the organization and this information forms basis for offering tailored, innovative services to the key customer base (Chen and Popovich, 2003). Achieving Technology Leadership is very effective in developing current and new generation of customers (Kaplan and Norton, 1992).

Two distinctive latent variables that describe Technology Performance are *Hardware Implementation* and *Software Implementation*. Hardware Implementation and Software Implementation are widely applauded in the literature as they are very critical in the substantial empowerment of end-to-end organisational activities (Tippins and Sohi, 2003; Yim et al., 2003). Often Technology investment is incorrectly viewed as implementation of CRM Software only and hence outcome is failure in realising value from CRM initiatives (Chen and Popovich, 2003). Both indicators are beneficial in operating business cycle and unlikely to exist in isolation. Success or Failure of CRM initiative is seen as the degree to which CRM software helps in achieving desired objectives of the organisations. This misconception has led to 1) Improper or unrealistic expectations and 2) Improper measurement. While CRM technology is one aspect, firms need wise investments in getting on-board other necessary tools that complement the effective development and delivery of IT services.

An investment in Technology brings sustainable advantage for the firms as it optimises customer interactions (Reinartz et al., 2004; Chen and Popovich, 2003). Firms are keen on 1) Effective identification, selection, management of key customers; 2) Effective development and delivery of services, in this study it is software services. While the investments in CRM Software full-fills first motive, effective procurement of other relevant software tools which are must for handling service development initiatives full-fills the second. Hence, CRM Software and other software tools for task execution and delivery are needed for effective run which refers to *Software Implementation* (Heskett et al., 1994). Efficient Technology implementation not only needs software packages but also supporting hardware packages in the back end to serve customers (Yim et al., 2004; Coltman et al., 2011;

Kaplan and Norton, 1992; Tippins and Sohi, 2003). *Hardware Implementation* or Hardware readiness reflects availability of latest central servers, communication networks etc. (Kaplan and Norton, 1992).

Therefore, the two latent variables that describe Technology Performance can be summarised as Hardware Implementation and Software Implementation.

5.6.6 Rationale for Hypotheses H6 and H7

H6: Technology Performance has a positive impact on Employee Performance.

H7: Technology Performance has a positive impact on Service Performance.

While CRM initiative cannot be equated only with CRM technology (Reinartz et al., 2004), the investment in overall technology acts as a facilitator to Employees Performance (Chen and Popovich, 2003). IT not only enables better identification, management of effective customers but also the better development and delivery of Services to them (Yim et al., 2004). Hence, the effective technological impact goes in two directions i.e. Employee Performance and Service Performance. Employees need support from right tools to identify and address the customer needs properly. In the sources-->position-->performance framework, all these variables capture Position place. Thus, we can propose the hypotheses H6 and H7.

5.6.7 Employee Performance and Latent Variables

Employees represent face of the organisation. Customer-Employee interaction stages the perception that customer will conceive about organisation's work philosophy, culture, methodology, promptness, adherence to quality, ad-hoc services etc. While both Process Performance and Technology Performance are imperative for successful CRM implementation, Employee Performance too is the building block in delivering the effect for maximising relationship with customers (Chen and Popovich, 2003; Rababah et al., 2011).

Employee Performance is a derivative resulting from input from workplace design, job design, employee training and development programs, innovative skills, qualitative productivity, customer-centric delivery focus, employee reward and recognition programs, and tools for serving customers (Heskett et al., 1994; Chen and Popovich, 2003). Employee Performance forms basis for satisfaction and retention of not only employees but also customers. Thus, Employee Performance is a result of various factors put together. Employees are retained for long term only when they are content and satisfied with what they are offering and what is being offered to them by the organisation. Mature workforce has the instinct for better service delivery and management of customers.

Employee Satisfaction, Employee Retention, Employee Training and Learning are the generic outcome measures to determine the Employee Performance (Kaplan and Norton, 1996). According to Heskett et al. (1994), Employee Satisfaction reflects the level of contentment or satisfaction of the individuals towards their job, whereas Employee retention refers to ability of the organisation to retain its employees for longer duration. Also, Employee Training and Learning refers to the development program of the employees to gain knowledge and skills. Employee Training and Learning is one of the foundations for enhanced Employee productivity. This along with high rewarding policies results in Satisfaction and Retention of Employees. Skilled employees with the sense of contentment are thus more calibrated and oriented towards delivering better services. Heskett et al., (1994) also advocates that Employee satisfaction, Employee retention, Employee development programs greatly impact the well-being and value being delivered to customers.

Organisational investment in Employee training and learning is an effective way for employee development and results in new skills acquisition by employees and enhances ability to innovate, more satisfaction for employees, more retention of employees, high performance of employees; thus, this can be summarised as *Employee Satisfaction, Employee Retention, Employee Learning and Training, Employee Innovation and Employee Productivity* (Baldrige Criteria, 2002). Hence, as per this criteria Employee Innovation is way to bring meaningful changes to improve organisation's products, services, processes and to create value for the

organisational stakeholders. Employee Productivity reflects the output by an employee or efficiency of an employee to perform an assigned task and is said to be driving value delivered to customers (Heskett et al., 2002). Motivated workforce is encouraged to contribute more through more involvement, innovative ideas also structures their organisational growth path and compensation. For achieving long term continuous improvement, learning and growth provides substantial boost, also improves employees capability to deliver enhanced value (Kaplan and Norton, 1996). Employees are seminal in driving value oriented actions to meet the customer's needs (Yim et al., 2004). High employee performance helps in meeting customer demands effectively.

Thus, five distinctive Latent variables that describe Employee Performance are Employee Satisfaction, Employee Retention, Employee Innovation, Employee Productivity, and Employee Training and Learning.

5.6.8 Rationale for Hypothesis H8

H8: Employee Performance has a positive impact on Service Performance.

Employee Performance directly impacts and verily triggers the Service Performance by impacting the value being offered to customers (Heskett et al., 1994). Employee Performance and Service Performance are both positional parameters in the source-->position-->performance chain. Thus, we can propose the hypothesis H8.

5.6.9 Service Performance and Latent Variables

Service Performance plays a major role in enabling the customer purchase experience (Kaplan and Norton, 1996). Service Performance is said to be achieved by providing fast deliveries, meeting delivery promises, production lead time reduction, flexibility in design changes, service-mix adjustment (Boyer and Lewis, 2002). Manufacturing companies during 1980's focussed on qualitative orientation which is now being implemented by Service companies as well, keeping in mind enhanced satisfaction it brings in and its direct effect on profitability (Reichheld

and Sasser, 1990; Bolton and Tarasi, 2006). Hence, Firms are keen on gauging both current and future needs of customers to keep pace with their overall expectations for delivering better value to them. Hence, service performance is the key to hold customers and it helps in winning hearts of the customers and thereby winning more deals.

Two distinctive Latent variables that determine Service Performance are *Quality Leadership* and *Cost Leadership*. A perfect blend of Quality and Price offered on time and constantly over time will result in enhanced value for customers (Kaplan and Norton, 1996). It forms basis for customer satisfaction leading to their retention which confirms a convenient, trusted and responsive relationship (Kaplan and Norton, 1996). Value delivery is another significant aspect that strengthens relationships. Dual value creation is believed to be creating value for customers and also values customers from firm's standpoint for optimising customer retention portfolio (Bolton and Tarasi, 2006).

Quality Leadership or customer driven excellence focuses at defects reduction, eliminating errors, removing causes of dissatisfaction thereby making things optimised for customers in context of building strong relationship (Baldrige Criteria, 2002). Customer-centric organisations try to ensure that their offerings (product, services) remain matchless in meeting customer needs and remain differentiated from other competitors. According to Baldrige Criteria (2002), customer-centric organisations take into consideration customer's requirements around product or service characteristics and try to draw differentiation through 1) New or modified offerings, 2) Customized offerings, and 3) Rapid response, to make a special bond in comparison with competing offers. Quality offered and value delivered by Service providers is mainly judged at customer's end. It defines and influences customer's overall service experience leading to meeting customer's preferences. This effect seeds customer acquisition, satisfaction, trust, loyalty, building confidence level, referrals (Baldrige Criteria, 2002).

Cost Leadership concept which is extensively utilised in business strategy was developed by Michael Porter and it refers to a way to establish competitive advantage by means of lowest cost of operation in the industry (Cost leadership,

Wikipedia). It further considers cost leadership to be driven by organizational efficiency, size, scale, scope, and cumulative learning curve experience.

Seminal studies on Service Performance have exhibited significant association between service Quality Leadership and its effects on customers. Findings uncover that Quality Leadership shows offensive (new customer acquisition) and defensive (retention of customers) effects in conjunction with the accumulative impact of service cost (Zeithaml et al., 1996). Hence, Service Quality Leadership plays a key role in determining whether customer will remain with the organisation or will tend to leave (Zeithaml et al., 1996). The concern raised by customers are predominantly around quality and cost (Kaplan and Norton, 1992) and are both prime components from customers point of view in delivering superior value (Boyer and Lewis, 2002). Improved quality i.e. Quality Leadership (Anderson et al., 1994; Zeithaml et al., 1996; Fynes and Voss, 2002; Kirca et al., 2005) and reduced cost i.e. Cost Leadership (Anderson et al., 1994; Fynes and Voss, 2002) define the superior value to be delivered to customers. Cost Leadership is driven by control over the reduction in inventory, increased capacity utilization, reduction production costs, increase in labour productivity (Boyer and Lewis, 2002). Quality Leadership is driven through high performing services, offerings highly consistent and reliable quality, improved conformance to service or solution design specifications (Boyer and Lewis, 2002).

Therefore, the two latent variables that describe Service Performance can be summarised as Quality Leadership and Cost Leadership.

5.6.10 Rationale for Hypothesis H9

H9: Service Performance has a positive impact on Customer Performance.

Quality performance and Cost reduction are important parameters in achieving customer satisfaction (Phan et al., 2011). Better Service Performance would create transparency between both the Seller and Buyer, and greatly impacts customer purchase experience (Kaplan and Norton, 1996). There exist a direct co-relation between service performance and customer performance (Kaplan and Norton, 1996; Heskett et al. 1994; Fynes and Voss, 2002; Baldrige Criteria, 2002). Service

Performance and Customer Performance are also positional parameters in the source-->position-->performance chain. Thus, we can propose the hypothesis H9.

5.6.11 Customer Performance and Latent Variables

Customer Performance is a running target that needs continuous hit for all organisations to maintain steady stream of profits. Previous studies have reported that customers are center of concern for management and their performance is the prima-facie objective of the firm (Heskett et al., 1994). It does share a co-relation with the wellness of the organisation. Greater customer performance will generate positive effects on Firm's prosperity; likewise low customer performance will have negative effects on the Firm's prosperity (Heskett et al. 1994).

Better the supremacy of the services offered it is bound to have a direct impact on enhanced customer value and thus improves depth of the relationships with them (Kaplan and Norton, 1992). By integrating the anecdotal evidences, list of various parameters can be compiled which reflect the favourable effects of superior quality and optimal cost on customers. Thus, thirteen distinctive latent variables that describe Customer Performance are:

- 1) *Customer Acquisition* (Kaplan and Norton, 1996), refers to gaining new customers and involves managing prospects and enquiries generated by variety of marketing techniques like marketing campaigns, customer referrals, loyalty programs etc. (Customer acquisition management, Wikipedia).
- 2) *Customer Satisfaction* (Heskett et al. 1994; Hallowell, 1996; Wang et al., 2004; Yim et al., 2004; Kaplan and Norton, 1996; Jumaat and Jasmani, 2010; Fynes and Voss, 2002; Wang and Feng, 2012; Stock and Hoyer, 2005; Kirca et al., 2005), refers to measurement of how products and services supplied by an organization meet or surpass customer expectation (Customer satisfaction, Wikipedia).
- 3) *Customer Retention* (Zeithaml et al., 1996; Hallowell, 1996; Yim et al., 2004; Kaplan and Norton, 1996; Reichheld and Sasser, 1990; Flynn, 2012), refers to

the ability of an organization to retain its customers over some specified period. High customer retention means customers tend to return, continue to buy, not defect to another organization or not-use entirely other organization. Selling organizations focus on reducing customer defections. Customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship and successful retention efforts take this entire lifecycle into account (Customer retention, Wikipedia).

- 4) *Customer Loyalty* (Heskett et al. 1994; Hallowell, 1996; Wang et al., 2004; Jumaat and Jasmani, 2010; Flynn, 2012; Kirca et al., 2005), refers to the attachment of the customer towards product or service and repeat patronage (Pezeshki, 2009).
- 5) *Customer Commitment* (Jumaat and Jasmani, 2010; Morgan and Hunt, 1994; Flynn, 2012; Fynes and Voss, 2002), refers to the intention of the customer to maintain a long-term relationship with supplier (Lang, 2016).
- 6) *Customer Repeat Buying* (Sharp and Sharp, 1997; Hadden et al., 2007), refers to repurchase or persistent buying of product or service by customer who is already a consumer (Repeat Purchase, MBASchool.com).
- 7) *Customer Expansion or Up-sell and Cross-sell* (Hallowell, 1996; Kumar and Peterson, 2005). Up-sell refers to practice of encouraging customers to purchase a comparable higher-end product or service than the one in question, whereas cross-selling refers to inviting customers to buy related or complementary items (BigCommerce, What is the difference between upselling and cross-selling). Up-sell and Cross-sell both are way to get more business from customer or result in expansion of business.
- 8) *Share per Customer or Share of Wallet* (Kaplan and Norton, 1996; Keiningham et al., 2011; Day, 2000), refers to the amount of the customer's total spending that a business captures in the products and services that it offers. Increasing the share of a customer's wallet an organisation receives is often a cheaper way of boosting revenue than increasing market share (Share Of Wallet, Investopedia).

It is the amount of business organisation gets from a customer (Share Of Wallet, Wikipedia).

- 9) *Customer Referrals* (Zeithaml et al., 1996), refers to the process of referring a new customer by a satisfied customer (Referral marketing, Wikipedia).
- 10) *Word of Mouth* (Zeithaml et al., 1996), is an unpaid form of promotion in which satisfied customers tell other people how much they like a business, product or service (Word-of-Mouth Advertising, Entrepreneur India).
- 11) *Customer Tenure* (Selvi and Ravi, 2013; Hallowell, 1996; Aldlaigan and Buttle, 2005), refers to the period customer stays with an organisation to full-fill its requirements and expectation (Selvi and Ravi, 2013).
- 12) *Value per Customer* (Wang et al., 2004; Saeed et al. 2005), refers to the enhanced value gained by the customers over a period of time during their purchase cycle (Saeed et al., 2005).
- 13) *Customer Trust* (Jumaat and Jasmani, 2010; Morgan and Hunt, 1994; Fynes and Voss 2002), refers to the belief customer has in the organisation for its needs being catered. This secured feeling in customers results in relying on the selling organisation for their purchase intents (Paliszkievicz and Klepacki, 2013).

These latent variables reflect the level of impact an organisation has on customers. New customer acquisition incurs additional cost to attract customer through advertising, promotions, sales cost and other relationship start-up expenses; which makes new customers often unprofitable for longer duration (Zeithaml et al., 1996). Thus, more and more efforts are triggered towards creating long lasting relationships. The customer's longevity provides anchorage and cost subsidization making customers avail the services with reduced cost advantage and loyal customers also show agreement towards paying a price premium if needed (Zeithaml et al., 1996).

Therefore, thirteen distinct latent variables that describe Customer Performance can be summarised as Customer Acquisition, Customer Satisfaction, Customer Retention, Customer Loyalty, Customer Commitment, Customer Repeat Buying, Customer Expansion or Up-sell and Cross-sell, Share per Customer or Share of Wallet, Customer Referrals, Word of Mouth, Customer Tenure, Value per Customer, and Customer Trust.

5.6.12 Rationale for Hypothesis H10

H10: Customer Performance has a positive impact on Firm Performance.

Depth of relationship and prolonged existence of a customer ties benevolently influences profitability over short run and long run (Zeithaml, 1996; Baldrige Criteria, 2002; Santos and Brito, 2012). There exist a direct co-relation between customer performance and Firm performance (Kaplan and Norton, 1996; Heskett et al., 1994; Fynes and Voss, 2002; Mithas et al., 2011; Pezeshki, 2009). Here, Customer Performance is a mediator variable (position variable) and Firm Performance is the dependent variable (outcome measure or performance variable) in the source-->position-->performance chain. Thus, we can propose the hypothesis H10.

5.6.13 Firm Performance and Latent Variables

Firm Performance (a dependent variable) is a reflection of achievement of strategic goals of the organisation (Kaplan and Norton, 1996; Carr and Smeltzer, 1999; Fynes and Voss 2002; Wang and Feng, 2012; Kirca et al, 2005; Chang, 2007). It is very dynamic and keeps varying over time. Firm Performance also shows organizational effectiveness in terms of operational and financial outcomes (Santos and Brito, 2012). Various studies in past have referred different indicators for measurement of organisational performance. Santos and Brito (2012) mentions Financial performance, Growth and market value to be the representative indicators of Firm Performance. Wang and Feng (2012) consider market share, sales growth, profitability to be the indicators of business performance.

The three latent variables (indicators) that outline Firm Performance are *Financial Performance* (Heskett et al., 1994; Kumar and Peterson, 2005; Kaplan and Norton, 1996), *Growth* (Kaplan and Norton, 1992; Heskett et al., 1994), and *Reputation and Goodwill* (Iwu-Egwuonwu, 2011; Morley and Sammut, 2006) that have been widely used to measure firm performance. A subjective approach is considered for measuring the Firm Performance as there is always inhibition on part of respondents while sharing financial details. Hence, subjective assessment of Firm performance is done along these three dimensions.

Financial Performance is perfectly reflected by its sub-indicators i.e. ROI-Return on Investment (Buttle, 2004; Carr and Smeltzer, 1999), ROA-Return on Asset (Hallowell, 1996; Hamann et al., 2013), Turnover (Hamann et al., 2013; Tippins and Sohi, 2003), Profit (Hallowell, 1996; Kumar and Peterson, 2005; Kaplan and Norton, 1996; Carr and Smeltzer, 1999; Crosby et al., 2002; Hamann et al. 2013; Wang and Feng, 2012; Kirca et al, 2005).

Growth is perfectly reflected by its sub-indicators i.e. Employee Count (Hamann et al. 2013), Sales Growth (Yim et al., 2004; Kaplan and Norton, 1996; Anand and Ward, 2004; Hamann et al. 2013; Carr and Smeltzer, 1999; Wang and Feng, 2012; Kirca et al, 2005), Asset Growth (Hamann et al. 2013). In this context of the study, Sales growth is further bifurcated for better measurement based on the generation source i.e. Sales - New Acquisitions, Sales - Existing Customers, Sales - Customer Referrals. This is the first study that categorises sales based on sources, unlike previous studies which did not take these factors into consideration.

Reputation and Goodwill is perfectly reflected by its sub-indicator i.e. Firm or Brand Image (Kaplan and Norton, 1996; Flynn, 2012).

Thus, three distinctive latent variables that describe Firm Performance are 1) “Financial Performance” measured as ROI, ROA, Turnover, Profit; 2) “Growth” reflected through Employee Count, Sales - New Acquisitions, Sales - Existing Customers, Sales - Customer Referrals, Asset Growth; 3) “Reputation and Goodwill” reflected through Firm or Brand Image.

5.7 Summary

This conceptual framework highlights all constructs in CRM Capability-Firm Performance linkage that play critical role in fostering long term relationship with valuable customers. It also reveals the importance of each construct and the indicators that are crucial for their measurement. A summary of all constructs and their respective Latent variables is as follows:

Table 5.1 Summary of Constructs and their Latent Variables

| Sr. No. | Constructs | Latent Variables (Measurement Indicators) |
|---------|------------------------|---|
| 1 | CRM Capability | Orientation, Information, Configuration |
| 2 | Process Performance | Process Standardisation, Process Innovation |
| 3 | Employee Performance | Employee Satisfaction, Employee Retention, Employee Innovation, Employee Productivity, Employee Training and Learning |
| 4 | Technology Performance | Hardware Implementation, Software Implementation |
| 5 | Service Performance | Quality Leadership, Cost Leadership |
| 6 | Customer Performance | Customer Acquisition, Customer Satisfaction, Customer Retention, Customer Loyalty, Customer Commitment, Customer Repeat Buying, Customer Expansion or Up-sell and Cross-sell, Share per Customer or Share of Wallet, Customer Referrals, Word of Mouth, Customer Tenure, Value per Customer, Customer Trust |
| 7 | Firm Performance | Financial Performance (ROI, ROA, Turnover, Profit) Growth (Employee Count, Sales - New Acquisitions, Sales - Existing Customers, Sales - Customer Referrals, Asset Growth) Reputation and Goodwill (Firm or Brand Image) |

It reflects a triangular connect between customers, service providing organisation and CRM philosophy. It reveals the underlying mechanism for measurement of CRM efforts and showcases areas which results in loopholes for

CRM failures. Previously CRM failure was attributed to failure of CRM software; however this model confirms that technology is a part of CRM philosophy and not the only factor that causes failure. Hence, the practitioners can become aware of the failure loopholes and areas which need rectification for successful CRM efforts.

This framework shows how competitive advantage is achieved through CRM Capability implementation in the organisations that practice CRM philosophy. This conceptual framework is a baseline for measurement of CRM as contributor to Firm Performance. Below is the summary of supporting Sources for Constructs and Latent Variables.

Table 5.2 Supporting sources for Constructs and their Latent Variables

| Sr. No. | Constructs, Latent Variables | Supporting Sources |
|----------------|-------------------------------------|---|
| 1 | CRM Capability | Reimann et al. (2010); Day (2002) |
| | a. Information | Day (2002) |
| | b. Orientation | Day (2002) |
| | c. Configuration | Day (2002) |
| 2 | Process Performance | Chen and Popovich (2003); Buttle (2004); Rababah et al. (2011) |
| | a. Process Standardisation | Kaplan and Norton (1996) |
| | b. Process Innovation | Buttle (2004); Kaplan and Norton (1996) |
| 3 | Employee Performance | Chen and Popovich (2003); Rababah et al. (2011); Kaplan and Norton (1996); Heskett et al. (1994) |
| | a. Employee Satisfaction | Kaplan and Norton (1996); Baldrige Criteria (2002); Heskett et al. (1994) |
| | b. Employee Retention | Kaplan and Norton (1996); Baldrige Criteria (2002); Heskett et al. (1994) |
| | c. Employee Innovation | Baldrige Criteria (2002) |
| | d. Employee Productivity | Heskett et al. (1994); Baldrige Criteria (2002) |
| | e. Employee Learning and Training | Kaplan and Norton (1996); Baldrige Criteria (2002) |
| 4 | Technology Performance | Chen and Popovich (2003); Heskett et al. (1994); Reinartz et al. (2004); Tippins and Sohi (2003); Yim et al. (2004) |
| | a. Software Implementation | Tippins and Sohi (2003); Yim et al. (2003); Heskett et al. (1994) |

| | | |
|---|---|---|
| | b. Hardware Implementation | Yim et al. (2004); Coltman et al. (2011); Kaplan and Norton (1992); Tippins and Sohi (2003) |
| 5 | Service Performance | Kaplan and Norton (1996); Boyer and Lewis (2002) |
| | a. Quality Leadership | Kaplan and Norton (1996); Baldrige Criteria, (2002); Zeithmal et al. (1996); Anderson et al. (1994); Fynes et al. (2002); Kirca et al. (2005); Boyer and Lewis (2002) |
| | b. Cost Leadership | Kaplan and Norton (1996), Boyer and Lewis (2002); Anderson et al. (1994); Fynes and Voss (2002) |
| 6 | Customer Performance | Kaplan and Norton (1996); Heskett et al. (1994) |
| | a. Customer Acquisition | Kaplan and Norton (1996) |
| | b. Customer Satisfaction | Heskett et al. (1994); Hallowell (1996); Wang et al. (2004); Yim et al. (2004); Kaplan and Norton (1996); Jumaat and Jasmani (2010); Fynes and Voss (2002); Wang and Feng (2012); Stock and Hoyer (2005); Kirca et al. (2005) |
| | c. Customer Retention | Zeithaml et al. (1996); Hallowell (1996); Yim et al. (2004); Kaplan and Norton (1996); Reichheld and Sasser (1990); Flynn (2012) |
| | d. Customer Loyalty | Heskett et al. (1994); Hallowell (1996); Wang et al. (2004); Jumaat and Jasmani (2010); Flynn (2012); Kirca et al. (2005) |
| | e. Customer Commitment | Jumaat and Jasmani (2010); Morgan and Hunt (1994); Flynn (2012); Fynes and Voss (2002) |
| | f. Customer Repeat Buying | Sharp and Sharp (1997); Hadden et al. (2007) |
| | g. Customer Expansion or Up-sell and Cross-sell | Hallowell (1996); Kumar and Peterson (2005) |
| | h. Share per Customer or Share of Wallet | Kaplan and Norton (1996); Keiningham et al., (2011) |
| | i. Customer Referrals | Zeithaml et al. (1996) |
| | j. Word of Mouth | Zeithaml et al. (1996) |
| | k. Customer Tenure | Selvi and Ravi (2013); Hallowell (1996); Aldlaigan and Buttle (2005) |
| | l. Value per Customer | Wang et al. (2004); Saeed et al. (2005) |
| | m. Customer Trust | Jumaat and Jasmani (2010); Morgan and Hunt (1994); Fynes and Voss (2002) |
| 7 | Firm Performance | Kaplan and Norton (1996); Carr and Smeltzer (1999); Fynes and Voss (2002); Wang and Feng (2012); Kirca et al. (2005); Chang (2007) |

| | | |
|--|----------------------------|--|
| | a. Financial Performance | Heskett et al. (1994); Kumar and Peterson (2005); Kaplan and Norton (1996) |
| | - ROI | Buttle (2004); Carr and Smeltzer (1999) |
| | - ROA | Hallowell (1996); Hamann et al. (2013) |
| | - Turnover | Hamann et al. (2013); Tippins and Sohi (2003) |
| | - Profit | Hallowell (1996); Kumar and Peterson (2005); Kaplan and Norton (1996); Carr and Smeltzer (1999); Crosby et al. (2002); Hamann et al. (2013); Wang and Feng (2012); Kirca et al. (2005) |
| | b. Growth | Kaplan and Norton (1992); Heskett et al. (1994) |
| | - Employee Count | Hamann et al. (2013) |
| | - Sales Growth | Yim et al. (2004); Kaplan and Norton (1996); Anand and Ward (2004); Hamann et al. (2013); Carr and Smeltzer (1999); Wang and Feng (2012); Kirca et al. (2005) |
| | - Asset Growth | Hamann et al. (2013) |
| | c. Reputation and Goodwill | Iwu-Egwuonwu (2011); Morley and Sammut (2006) |
| | - Firm or Brand Image | Kaplan and Norton (1996); Flynn (2012) |

Below is the summary of supporting sources for hypothetical linkages.

Table 5.3 Supporting sources for Hypothetical Linkages

| Sr. No. | Proposed Hypothetical Linkages | Supporting Sources |
|----------------|---|--|
| 1 | CRM Capability → Process Performance | Chen and Popovich (2003); Ryals and Knox (2001); Crosby et al. (2002); Yim et al. (2004); Mandic (2011); Buttle (2004); Rababah et al. (2011); Kaplan and Norton (1996); Coltman et al. (2011) |
| 2 | CRM Capability → Employee Performance | Chen and Popovich (2003); Ryals and Knox (2001); Crosby et al. (2002); Yim et al. (2004); Mandic (2011); Buttle (2004); Rababah et al. (2011); Kaplan and Norton (1996); Coltman et al. (2011) |
| 3 | CRM Capability → Technology Performance | Chen and Popovich (2003); Ryals and Knox (2001); Crosby et al. (2002); Yim et al. (2004); Mandic (2011); Buttle (2004); Rababah et al. (2011); Kaplan and Norton (1996); Coltman et al. (2011) |

| | | |
|----|--|---|
| 4 | Process Performance → Employee Performance | Chen and Popovich (2003) |
| 5 | Process Performance → Service Performance | Heskett et al. (1994) |
| 6 | Technology Performance → Employee Performance | Chen and Popovich (2003) |
| 7 | Technology Performance → Service Performance | Yim et al. (2004); Heskett et al. (1994) |
| 8 | Employee Performance → Service Performance | Heskett et al. (1994) |
| 9 | Service Performance → Customer Performance | Pezeshki, (2009); Phan et al. (2011); Kaplan and Norton (1996); Heskett et al. (1994); Fynes and Voss, 2002; Baldrige Criteria (2002) |
| 10 | Customer Performance → Firm Performance | Kaplan and Norton (1996); Heskett et al. (1994); Fynes and Voss (2002); Mithas et al. (2011); Pezeshki (2009) |

In summary, this study offers guidance to both academicians and practitioners by detailing the percolating effect of CRM Capability through the drivers of performance on Firm Performance. It thus sheds light on previous divergent interpretations projected in CRM literature by providing theoretical framework to measure CRM impact while also laying theoretical guideline for practitioners.