THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT CAPABILITIES ON ORGANIZATIONAL PERFORMANCE; MODERATING ROLE OF COMPETITION INTENSITY

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Abstract

Today, organizational success and performance depends on identifying, attracting, acquiring and maintaining customers in the highly intensive competition environment. The current research identify the problem of enhance the organizational performance through customer relationship management capabilities (Customer interaction management Capability and Customer relationship upgrading Capability) in the presence of competition. Population of this research was telecom sector in Pakistan. Expected sample size was 300 employees from telecom organizations. They was be administered through adopt questionnaire including Customer relationship management capability (Customer Interaction management capability and customer relationship upgrading capability), organizational performance and competition intensity. Multiple logistic regression analysis tests was used for further analysis. The current study was enable companies to make a long term and strong relationship with their customers. This research would enable organizations to understand and use their capabilities better than was possible before.

Key Words: Customer Relationship management, CRM Capabilities, Organizational Performance, Competition Intensity.

Introduction

Fundamentals of business was developing and changing rapidly. Customers’ needs, organizational strategies and competition leads to this change. In time of industrial revolution the main focus was on the mass marketing and mass production. Today, customers’ needs were changing rapidly and they also change the processes of organizations. The old concept of business was product oriented model of “design-build-sell” was change to new customer oriented model by “sell-build-redesign” (Rygielski, Wang, & Yen, 2002). At the same time the process of traditional mass marketing process was changed to new one to one marketing
concept. In the old marketing concept main focus was to reach more and more customers but to acquire new customer was more resource consuming as compared to retention the current customers.

Organizations realize that they don’t just focus on transactions; they turn them towards opportunity to sell products with good service experiences to established long term one to one relationship with each customer. In recent years, organizations had to quick decide the right way to build the long term relation with customer through different tools and techniques. Customer Relationship Management (CRM) was also a tool having different techniques to attract, acquire, retain and build a strong relationship with customers. Customer Relationship Management was a dual creation process in which information was captured, integrated, accessed then exchanged to create value for future customer from current customer (Boulding, Staelin, Ehret, & Johnston, 2005).

Today, CRM was becoming popular rapidly and organizations were investing in the implementation of CRM system. In 2006 worth 3.6 billion dollar licensed global CRM software were purchased and it was increasing by 10.5 percent per year according to this 6.6 billion dollar in 2012 (Haenlein & Kaplan, 2009). According to study from 2000 to 2005 organizations invest 220 billion dollar in CRM (Payne, 2006). Organizational more concerned about their customers and it increased the importance of customer relationship management.

Customer relationship management Capabilities were collection of different activities such as identification, acquisition and retention of customers through customer interaction management capability. Up-selling and cross selling were activities to customer relationship upgrading capability. The other activities of re attracting and remake the relationship with disagree or lost customer to get them back to the organization also important for customer win-back capability (Yonggui Wang & Feng, 2012).

Technology revolution, particularly World Wide Web was the biggest opportunity for the organizations to directly interact with their customers, customized their needs and provide solutions to build, nurture and retain a strong long term relationship with them which was not possible offline. Through web based interaction firms offer high quality services (Winer, 2001).

Organizational performance was not only the outcome it was continuous process of different activities. Capabilities were the effort to do activities, which were the processes that lead to the organizational performance. There were three standards points and balance score were set as criteria to measure the organizational performance. First customer, second internal business process (capabilities) and third learning and growth of the organization (Kaplan & Norton, 1996). Balanced score were (1) financial perspective, revenue, ROA, ROE, net income and cash flow. (2) Customer perspective includes acquisition, satisfaction and their retention (3) internal business process perspective. Customer service process, innovation and operation process. (4) Learning and growth perspective, invest in people, facilities, product, information system, authority and fitness were the abilities of employees to create long term growth (Dhewanto et al., 2012).

Customer relationship management was the key to increase revenue and profit by making a strong and long term relation between company and customer. Customer relationship management also establishes and increase trust between customer and company.
This trust was lead the satisfaction, loyalty, cross and up selling, repeat purchasing, lower level of customer complaints, high market share, lower costs and profitability (Rapp, Trainor, & Agnihotri, 2010). Trust was increase by repeated and convenient interaction with customer. Customer relationship management capabilities were back bone of the organizational performance and if the customer relationship management capabilities were strengthens then automatically business performance was be increased. Organizations had realized this fact and they were moving from traditional business to customer oriented.

Direct competitors in the market indicate the level of competition intensity. In highly competition market organization were customer oriented. High competition intensity motivates organizations to involve in corporate social responsibilities (CSR). Corporate social responsibilities were activities impact on customer and organizational interaction. CSR activities had a positive effect on the relationship between pricing, product differentiation, marketing communication capabilities and firm performance (Kemper, Schilke, Reimann, Wang, & Brettel, 2013).

In low competition intensity companies show their own behavior and they were not interested in their customers desired. Organizations were not interesting in long term relationship with customer. It was result as less customer satisfaction and decrease in sales. So, if the competition intensity was high than it was be strengthen the relationship between organization and customer. Customer, competition and company (3 C’s) were focused at a time in this research. Through the internal organizational (customer relationship management) capabilities can understand the customer needs. Competition had increased due to globalization and organizations were competing to each other for their profit. Organizations learn from one customer and facilitate other customers to make them loyal. So, 3 C’s playing their role by integrating to each other. It was impossible to perform better without any one among them.

**Statement of the problem**
Customer relationship management was not only associated with technology. It was combination of Human, technology and process at the same time. Organizations those think that the customer relationship management was only sale force or technological driven software leads fail to implement customer relationship management. Because they were not fully understand customer relationship management. To understand CRM and its capabilities fully was the key to business performance. Customer relationship management capabilities influence on business performance positively. Competition intensity was also enhancing the relationship between customer relationship management capabilities and business performance.

The main problem statement of this study is to find out the relation between customer relationship management capabilities and business performance in the presence of competition. Therefore, the main focus of this study was to investigate the “Impact of CRM Capabilities on organizational performance by Moderating role of competition”.

**Research Questions**

1. What was the impact of customer relationship management capabilities on business performance?
2. How competition intensity effect the business performances?
3. What was the role of competition intensity on customer relationship management capabilities?
Rationale of the study

Business performance was a complex and complicated concept (Venkatraman, 1989). Business performance was assessed through all the efforts were putting together to achieve the business goals (Akal, 1992). Different dimensions can measure business performances; market growth was the one of them. It was market share of the organization as compared to competitors. And the other dimension was profitability. It was shows organizational financial condition as compared to competitors (Xiaoying, Qianqian, & Dezhi, 2008).

Business performance was a vital in this competitive environment. Because in a competitive environment unmeasurable factors cannot be controlled and uncontrolled factors cannot be measured. So, Criteria to measure the business performance was required to evaluate the business goals (Sebahattin Yildiz & Karakas, 2012). Business performance can measure through qualitative or quantitative criteria (S. Yildiz, 2010).

Rationale of study was found from “Customer relationship management Capabilities Measurement Antecedents and Consequences” by (Yonggui Wang & Feng, 2012). Their study explores relation of CRM Capabilities and business performance in detail but they did not consider the environmental factor of competition intensity which was playing a vital role in customer relationship management capabilities and business performance.

In this study this gap was identify it to fulfill the gap of competition intensity from previous study. So this research was be focused on the customer relationship management capabilities effecting on organizational performance in the presence of competition.

Objectives of the study

The objective of this research was to find the relationship between the CRM capabilities and organizational performance and also know, how competition intensity was effecting on their relationship. It was evident that the customer relationship management was the back bone of the organizational performance.

The specific objectives of this study was be:
1. To identify the Customer relationship capabilities.
2. To identify the organizational performance.
3. To find out the relationship between customer relationship management capabilities and organizational performance.
4. To find out the effect of competition intensity on the relationship between CRM Capabilities and organizational performance.

Literature Review

Customer relationship management was the chain process to identify, create knowledge, build relationship and shape customer perceptions of the firm and its products solution The Sales Educators (2006). “A comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer” was one strategic definition of Customer relationship management offered by Parvatiyar and Sheth (2001)
Capabilities were the competencies of the organization. CRM capabilities based on technology and knowledge (Plakoyiannaki & Tzokas, 2002). Customer interaction management, customer relationship upgrading and customer win back capability were the components of customer relationship management capability (Sofi, Bhat, & Rather, 2013). Customer relationship management Capability was consists of four phases. First, Customer interaction management capability (CIMC) second, customer relationship upgrading capability (CRUC). Third, customer win-back capability (CWC) and last was (CKMC) Customer knowledge management capability (Youngei Wang & Feng, 2008). In current research only two Customer interaction management capability and customer relationship upgrading capability was be focused.

Customer interaction management, customer relationship upgrading and customer win back capability were the components of customer relationship management capability (Sofi et al., 2013). Organization possess the capabilities of customer interaction management and customer relation upgrading capabilities usually had the superior financial performance (Krasnikov & Jayachandran, 2008).

Customer Relationship Management Capabilities

Capabilities were the competencies of the organization. CRM capabilities were based on technology and knowledge (Plakoyiannaki & Tzokas, 2002). Customer interaction management, customer relationship upgrading and customer win back capability were the components of customer relationship management capability (Sofi et al., 2013).

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Organizational capabilities were process, structural and employee abilities to build the firm internal capabilities. This capabilities were helpful to build strategies for organizational performance. It also make organizations to respond the external changes. Competition was a big external change which can be handle through the organizational capabilities (Ulrich & Lake, 1991).

Customer Interaction management capability

Customer relationship management was increase by the core capability of customer interaction management capability. If the interaction was closed, organized, sequential verbal and nonverbal strong communication then the customer interaction was in the user friendly environment which was cause to increase the customer relationship management (Parvatiyar & Sheth, 1994). Customer interaction management capability was enhanced through verbal or nonverbal communication with customers through different channels. This was the pre phase to establish relationship with their customers (Andersen, 2001). Without interaction it was not possible to establish the relation with customer. When the long term and normal communication start with customer, then this communication was change the behavior of customers as well as make their trust on organization.
Two ways of customer interaction management capability were direct or indirect way. It was also play an important role in interaction management capability of customer relationship management capability. Direct relationship was more result oriented. Direct relation was face to face or by telephonic to negotiation with customer (Dwyer, Schurr, & Oh, 1987).

**Customer Relationship upgrading Capability**

Customer relationship upgrading capability can be measured through Up-Selling and Cross Selling of the products. When the relationship with customer was upgraded then customer was frequently visit to the organization. It was enhance organizational capacity of selling more and different product to the customer (Up-Selling and Cross Selling). The objective of customer relationship upgrading capability was to satisfaction, retention, commitment and loyalty of the customer for cross selling and long term purchasing yield (Anderson, Fornell, & Lehmann, 1994).

Different techniques were used for customer relationship upgrading. Cross buying analysis was a technique which was helpful to understand the products which was bought together (Barney, 1991). Cross tabulation form was designed to know about cross buying of different products to understand the customer needs and customer retention (Jenkinson, 1995). Cross tabulation was useful when a company discount on a product, they know the customer need and offer less discount on the most liked and important product by customer. By the combination of the cross selling products.

**Business performance**

Business performance was a complex and complicated concept (Venkatraman, 1989). Business performance can assess through all the efforts were putting together to achieve the business goals (Akal, 1992). Different dimensions can measure business performances; market growth was the one of them. It was market share of the organization as compared to competitors. And the other dimension was profitability. It was shows organizational financial condition as compared to competitors(Xiaoying et al., 2008). Compared

Business performance was a vital issue in this competitive environment. Because in a competitive environment unmeasurable factors cannot be controlled and uncontrolled factors cannot be measured. So, Criteria to measure the business performance was required to evaluate the business goals(Sebahattin Yildiz & Karakas, 2012 ). Business performance can measure through qualitative or quantitative criteria (S. Yildiz, 2010).

**Customer Relationship Management Capabilities and business performance**

Customer relationship management capabilities play an important role in enhancing organizational performance and competition advantage (Barney, 1991). Organization possess the capabilities of customer interaction management and customer relationship upgrading usually had the superior financial performance (Krasnikov & Jayachandran, 2008). So, customer relationship management capabilities and business performance had the positive relationship with each other. If customer relationship management capabilities enhanced then business performance automatically increased.
Outstanding customer relationship management capabilities leads to customer loyalty and superior competition advantage (G.S. Day, 2003). Customer relationship management capabilities capture customer pertaining needs at accurate time (JIT). Successful implementation of customer relationship management was increase the business profit up to 270 percent (Ryals, 2005). It was also increase the stock price (Fornell, Mithad, & Krwashnan, 2006), customer satisfaction and customer loyalty (Anderson, Fornell, & Mazvancheryl, 2004).

**Competition intensity**

Competition intensity was the environmental hostility factor (Dess and Beard, 1984; Zahra and Covin, 1995). Competition intensity was the situation in which a lot of competitors were found and less opportunity for the organization to grow. In high competition intensity organization had no their own behavior, organization was behave as the competitor act.

When the competition intensity was low then the organization can fully transparent his behavior. But if the competition intensity was high then the firm adopts his strategy accordingly to his competitors. In high intensive market firms can take proactive activities and also take risk. They break their price and promotions wars were also played in high intensive markets (Zahra, 1993). Companies were innovative in both products and processes, explore markets and make a difference from their competitors.

After the intensive literature review, it leads to research model given below.

**Conceptual frame work**

The following hypotheses had been framed and was be tested:-

**H1:** Customer relationship management capabilities had positive impact on organizational performance.

**H2:** Competition intensity had moderated effect between the relationship of customer relationship management capabilities and business performance.
**H3:** Customer relationship upgrading capability had positive impact on organizational performance.

**H4:** Competition intensity had moderated effect between the relationship of customer relationship management capabilities and business performance.

### Research Methodology

This research was based on inductive research approach, and the design for this research was correlational. The reason to choose correlational research designs was that customer relationship management capabilities were correlated with organizational performance.

Data was be collected through online and offline questionnaires. Researcher was interact maximum respondents to obtain data. Population was very important in any research study. Therefore, the populations of this study was be the telecom sector in Pakistan. Simple random sampling technique used to collect data. For data collection purpose, well-maintained questionnaire was develop which hold the complete information relating to study. This was consist of closed ended questions. Questionnaire was be pilot test for its feasibility and validation on twenty respondents. Questionnaire result was be collected and analyzed to know the relationship between CRM Capabilities and organizational performance in the presence of competition intensity.

### Population

Population means the whole field about which a researcher was going to conduct. Population had much importance in any research study. The population of this study was consist of telecom sector in Pakistan.

### Sample

It was be quite impossible to study the whole population of the research. Sampling was be taken by applying simple random sampling technique. Researcher had no list of all the respondents of population and it was difficult to collect data from respondents that’s why simple random sampling technique was used because in this technique samples were selected randomly which were easily available to respond. Expected sample size of 300 employees from telecom organizations.

### Tools of Research

While keeping in view the problem statement and proposed hypotheses, questionnaire was be designed to obtain data for this study.

Questionnaire was be adopted. Instruments of CRM Capability, Customer interaction management Capability, Customer relationship upgrading Capability and Organizational performance for this study was adopt from “Customer relationship management Capabilities Measurement, Antecedents and Consequences” (Yonggui Wang & Feng, 2012). The Measuring instrument of Competition Intensity was adopted from “Firm innovativeness and business performance: The joint moderating effects of market turbulence and competition” (Tsai & Yang, 2013). Nine demographic factors were also asked in questionnaire. Detailed questionnaire was also attached at annex at the end of this study.

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Questions were seeking all the relevant information in Questionnaires. There was not be any repetition of same or partially alike questions. Statement of questionnaire was be rated on rating scale (Likert Scale).

The questionnaire was be tested to know the content and face validity. Reliability of data was check through Cronbach's Alpha test. These was be improved on the basis of feedback from the respondents.

Online questionnaire was also prepared for facilitation of respondents to submit their responses at their free time.

**Administration of the Tools**

The questionnaire was be administered to draw out response from respondents from selected offices. A clear instruction on how to fill the questionnaire was be provided to the respondents by the researcher. The researcher was visit to maximum respondents covered by the study.

**Data Collection**

The researcher was visit to respondents in order to distribute the questionnaires in telecom companies. Personally request to the respondents to fill the questionnaire and return it back to the researcher at the spot. At the same time an alternative way of online questionnaire was also made for the facilitation of respondent to directly send their responses to researcher. In case of their busy they was be allowed to fill it in free time. The respondents was be reminded through telephone calls, reminders and emails etc. if researcher not receives response from their side. Data collection process was be completed as soon as possible with the cooperation of immediate officers of Pakistan Telecom Authority.

**Table 1: Pearson Correlation for research variables.**

<table>
<thead>
<tr>
<th>Pearson Correlation (N=274)</th>
<th>Organizational Performance</th>
<th>Customer relationship Upgrading Capability</th>
<th>Customer Interaction Management Capability</th>
<th>CRM Capabilities</th>
<th>Competition Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer relationship</td>
<td>.605</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upgrading Capability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Interaction</td>
<td>.612</td>
<td>.493</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Capability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRM Capabilities</td>
<td>.704</td>
<td>.840</td>
<td>.886</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Competition Intensity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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In the above correlational matrix it was analyzed that organizational performance had positive correlation with other research variables at highly significant variable 0.01. All the variables had positively correlated to each other the value from 0.08 to 1.0 was highly positive correlated, value from 0.4 to 0.8 were moderated correlated and the value between 0.1 to 0.4 were low correlated to each other.

**Regression Analysis for Research Variables.**

Regression table for customer relationship management capabilities, customer relationship upgrading capabilities and organizational performance was given below.

<table>
<thead>
<tr>
<th>Table 2: Regression for Organizational Performance and CIMC &amp; CRUC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Customer Interaction Management</td>
</tr>
<tr>
<td>Customer Relationship Upgrading</td>
</tr>
<tr>
<td>Customer Relationship Management</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational Performance

Regression analysis was used to analyze the dependent variable explained in independent variable. Regression for customer interaction management capabilities and organizational performance was tested. After that in model two customer relationship upgrading capability and organizational performance was also analyzed. Results of regression tests were for customer interaction management capability and organizational performance was interpreted. Here R² between customer interaction management capabilities and organizational performance was .374 which was represents that 37.4 percent change. It represent that customer interaction management capabilities explains the variance of dependent variable organizational performance was 37.4 percent. ∆ R² was represent that how much change was be occurred in R² when change was take place in customer interaction management capabilities. Here, the value of ∆ R² was .374. β was the standardized coefficient between dependent and independent variable which was showing that 61.2 percent variable was explain through this independent variable. T value was represent the change of mean value between dependent and independent variable. Here 12.759 mean change was occur in dependent and independent variable. At a highly significant level 0.00.

In model two, customer relationship up grading capability was test through regression analysis by dependent variable organizational performance. Results of regression tests were for customer relationship up grading capability and organizational performance was interpreted. Here R² between customer relationship up grading capability and organizational performance was .496 which was represents that 49.6 percent change. It represent that customer relationship up grading capability explains the variance of dependent variable organizational performance was 49.6 percent. ∆ R² was represent that how much change was be occurred in R² when change was take place in customer interaction management capabilities. Here, the value of ∆ R² was .122. β was the standardized coefficient between dependent and independent variable which was showing that 40.1 percent variable was explain through this independent variable. T value was represent the change of mean value
between dependent and independent variable. Here 8.095 mean change was occur in dependent and independent variable. At a highly significant level 0.00.

In model three, customer Relationship management capabilities was test through regression analysis by dependent variable organizational performance. Results of regression tests were for customer Relationship management capabilities and organizational performance was interpreted. Here $R^2$ between customer Relationship management capabilities and organizational performance was .496 which was represents that 49.6 percent change. It represent that customer Relationship management capabilities explains the variance of dependent variable organizational performance was 49.6 percent. $\Delta R^2$ was represent that how much change was be occurred in $R^2$ when change was take place in customer interaction management capabilities. Here, the value of $\Delta R^2$ was .496. $\beta$ was the standardized coefficient between dependent and independent variable which was showing that 70.4 percent variable was explain through this independent variable. $T$ value was represent the change of mean value between dependent and independent variable. Here 16.347 mean change was occur in dependent and independent variable. At a highly significant level 0.00.

**Moderated Regression Among Organizational Performance, CRM Capabilities And Competition Intensity.**

Moderated Regression table for customer relationship management capabilities, Competition intensity and organizational performance was given below.

**Table 3: Moderated Regression for Organizational Performance, CRM Capabilities and Competition Intensity**

<table>
<thead>
<tr>
<th>Model</th>
<th>$R^2$</th>
<th>$\Delta R^2$</th>
<th>$\beta$</th>
<th>$T$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Relationship Management Capabilities</td>
<td>.496</td>
<td>.496</td>
<td>.704</td>
<td>16.347</td>
<td>.000</td>
</tr>
<tr>
<td>Moderated effect IV * MV</td>
<td>.504</td>
<td>.008</td>
<td>.140</td>
<td>2.092</td>
<td>.037</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational Performance

In moderated regression, customer relationship management capability was test through regression analysis by dependent variable organizational performance. Moderated variable was competition intensity which was measured through interaction term of making independent variable multiplied by moderated variable. Results of regression tests were for customer relationship management capability and moderation effect was analyzed by dependent variable organizational performance. Here $R^2$ between customer relationship management capability and organizational performance was .496 which was represents that 49.6 percent change. After effecting moderated variable it was changed from .496 to .504. It represent that customer relationship management capability explains the variance of dependent variable organizational performance was 49.6 percent. And after moderated variable it was change from 49.6 to 50.4 percent. $\Delta R^2$ was represent that how much change was be occurred in $R^2$ when change was take place in customer relationship management capabilities. Here, the value of $\Delta R^2$ was .496. And after moderated variable it was change from .496 to .008. $\beta$ was the standardized coefficient between dependent and independent variable which was showing that 70.4 percent variable was explain through this independent variable. And after moderated variable it was change from .704 to .140. $T$ value was
represent the change of mean value between dependent and independent variable. Here 16.347 mean change was occur in dependent and independent variable. And after moderated variable it was change from 16.347 to 2.092. At a highly significant level 0.00 to .037 which was also significant. So, moderation was enhance the relationship between dependent and independent variable.

**Discussion & Conclusion**

This chapter consists of discussion, conclusions, recommendations, limitations and future direction for other studies.

**Discussion**

In this study it was expected that customer relationship management capabilities had positive relationship with organizational performance. This relationship was tested through Pearson correlation statistical tests. Results of Pearson correlation between customer relationship management capabilities and organizational performance shows that, they had the values of correlation was 0.704 which was positive. This positive value show that if customer relationship management capabilities was increased then organizational performance was increase automatically in positive manner and it had high positive correlation with each other. So, this relationship was actually find after results as this relationship was expected.

Second assumption of this study was that competition intensity had positively associated with the relationship between CRM Capabilities and Organizational performance. This expectation of relationship was tested through moderated regression between customer relationship management capabilities, organizational performance by taking competition intensity as moderator. It was analyzed in results that relationship between organizational performance and customer relationship management capabilities without competition intensity was 0.704 but after including competition intensity this relationship was increased from 0.704 to 0.710 which was be more strengthen the relationship in positive manner between organizational performance and customer relationship management capabilities. This positive value show that if competition intensity was increased then customer relationship management capabilities and organizational performance was increase automatically in positive manner and it had high positive correlation with each other. So, this relationship was actually find after results as this relationship was expected.

**H1:** Customer relationship management capabilities had positive impact on organizational performance.

Customer relationship management capabilities had positive relationship with organizational performance and it was calculated through linear regression that R was 0.704. This value indicate that customer relationship management capabilities and organizational performance had positive relationship with each other and they were regressing on each other and this was calculated through R² which was 0.496. This values clearly indicates that customer relationship management capabilities had positive impact on organizational performance. It means that if customer relationship management capabilities increase then automatically organizational performance was increased. The results of this study also support the previous literature. Because previous studies clearly indicates that if customer relationship management capabilities increased then organizational performance was increase automatically.

Customer relationship management capability was designed for customer service, marketing, sales, data integration and external collaboration to increase organizational performance (Jayachandran, Sharma, Kaufman, & Raman, 2005).
**H_2:** Customer interaction management capability had positive impact on organizational performance.

Customer interaction management capability had positive relationship with organizational performance and it was calculated through linear regression that \( R = 0.612 \). This value indicate that Customer interaction management capability and organizational performance had positive relationship with each other and they were regressing on each other and this was calculated through \( R^2 \) which was 0.374. This values clearly indicates that Customer interaction management capability had positive impact on organizational performance. It means that if Customer interaction management capability increase then automatically organizational performance was increased. The results of this study also support the previous literature. Because previous studies clearly indicates that if Customer interaction management capability increased then organizational performance was increase automatically.

Superior economic benefits can get through increase in revenue and profit by focusing on characteristics of a customer during interaction which make long term relationship between organization and customers (Ramani & Kumar, 2008). Important resources can access (Harrwas, O'Malley, & Patterson, 2003) information about market, innovation and positive outcome of products (Walter, Ritter, & Gemunden, 2001) which can achieved during interactive relationship. It also leads to inter organizational innovation on the basis of knowledge exchange (Chrwasiansen & Maltz, 2002). Customer interaction management capabilities plays a vital role, to establish policies, reliability, service quality and physical aspects (Vahzquez, Bosque, Dmhaz, & Ruiz, 2001). However employee’s behavior was impacting positively on customer satisfaction (Ekinci, Dawes, & Massey, 2008). Customer attraction also achieve during interaction process because organization attract their customer through various ways (Schiele, Veldman, & Huttinger, 2011). Loyalty programs, direct mail, websites, service centers, call centers, and franchises were major interaction points to establish and develop relationship with customers. Only customer instead of organization can determine either relationship had developed or not (Gronroos, 2007).

**H_3:** Customer relationship upgrading capability had positive impact on organizational performance.

Customer relationship upgrading capability had positive relationship with organizational performance and it was calculated through linear regression that \( R = 0.605 \). This value indicate that Customer relationship upgrading capability and organizational performance had positive relationship with each other and they were regressing on each other and this was calculated through \( R^2 \) which was 0.366. This values clearly indicates that Customer relationship upgrading capability had positive impact on organizational performance. It means that if Customer relationship upgrading capability increase then automatically organizational performance was increased. The results of this study also support the previous literature. Because previous studies clearly indicates that if Customer relationship upgrading capability increased then organizational performance was increase automatically.

Customer relationship upgrading capability can be measured through Up-Selling and Cross Selling of the products. When the relationship with customer was upgraded then customer was frequently visit to the organization. It was enhance organizational capacity of selling more and different product to the customer (Up-Selling and Cross Selling). The objective of customer relationship upgrading capability was to satisfaction, retention, commitment and loyalty of the customer for cross selling and long term purchasing yield (Anderson et al., 1994).
**H4:** Competition intensity had moderated effect between the relationship of customer relationship management capabilities and business performance.

Customer relationship management capabilities had positive relationship with organizational performance and it was calculated through linear regression that $R = 0.704$. This value indicates that customer relationship management capabilities and organizational performance had positive relationship with each other and they were regressing on each other and this was calculated through $R^2$ which was $0.496$. This value clearly indicates that customer relationship management capabilities had positive impact on organizational performance. It means that if customer relationship management capabilities increase then automatically organizational performance was increased. When the competition intensity was taken as moderated variable then the relationship between customer relationship management capabilities and organizational performance was enhance from $R = 0.704$ to $R = 0.710$. Also $R^2$ was $0.496$ changed to $R^2$ was $0.504$. The results show that when the competition intensity was taken as moderated variable then relationship and impact between customer relationship management capabilities and organizational performance become more strengthen. The results of this study also support the previous literature. Because previous studies clearly indicate that if customer relationship management capabilities increased then organizational performance was increase automatically.

Superior customer relationship management capabilities enable organizations to deliver superior customers value and maintain a good relationship with them to make them loyal and create a good competitive advantage also (Day, 2000; George S. Day, 2003). Customer relationship management capabilities capture and fulfill customer needs to achieve first mover advantage and respond to customers at real time for new product development or up selling.

In advance countries competition intensity was high instead of developing countries because in advance countries high technological and process innovations were implemented as compare to developing countries (Singh, 2002). So, high competition intensity encourages more innovation among competitors (Kim, 2007). In high competition intensity customer had more choices to switch the organization freely at any time and organizations realize this fact. Organization had more concerning about the requirements and hidden needs of their customers and try to fulfill it early before their competitors. It was boost up organizational performance (Cadogan, Cui, & Li, 2003).

**Limitations of Study**

The findings of this study had also certain limitations:

1. First, the findings of this study depend on the biases of the responds, future studies should attempt to use several sources to obtain more accurate data.
2. Sample derived from telecom companies of Islamabad and Rawalpindi, in future more diverse population should be used.
3. Third, Competition Intensity had been investigated as a moderated variable, in future other variables should be included.
4. This was based on Cross-sectional data, in future longitudinal study should be conducted.

This research was conducted to explore the impact of customer relationship management capabilities on organizational performance in telecommunication organizations in Islamabad and Rawalpindi. Being a researcher it was not easy to access wider area or more cities and remaining two telecommunication companies of Pakistan. The other limitations of this study were lack of time and budget resources. This academic research had a specific time period to complete and submit the work and also had limited researcher resources to do it.
Availability of free time and availability of respondent was too much difficult during survey. This research was limited to only three telecommunication companies in Pakistan.

**Future Direction of this Research.**

Telecommunication organizations can get maximum opportunities by considering the main focus on customer relationship management capabilities and this was the key to improve their organizational performance. For future research it was necessary to coordinate between organizations and academic universities to investigate other attributes affecting organizational performance. This research provides a platform for future research. Four major future directions were recommended by researcher.

First, this research was done only in two major cities Islamabad and Rawalpindi of Pakistan but in future it was expand to other different cities of Pakistan. Second, this research was covering only three telecom companies (Ufone, Zong and Mobilink) but in future studies remaining two telecom companies (Warid and Telenor) was also be taken in future studies. Third, in this research only two constructs (Customer interaction management capabilities and Customer relationship upgrading management capabilities) of Customer relationship management capabilities were taken, while in future other two constructs (Customer Win back Capability and Customer knowledge management capability) was also be considered under research. Fourth, other variables, age, Experience and Education can consider as control or mediators in future research.

**Recommendations**

- Telecommunication organizations should highly focus on their employees to provide quick and participative services to their customers.
- Telecommunication organizations should increase no of employees at all interaction points (Call centers, Franchises and service centers) to increase the response rate from employees.
- Telecommunication organizations must consider the importance of frequent training and prosperity of their employees.
- Employees should listen kindheartedly customer queries and solve them immediately with experience and confident way.
- All service requests from customer must be followed up.
- There must be no hidden charges taken from customer.
- Individual and personal attention should be given to all customers by customer services representatives of telecommunication organizations.
- In all franchises and service centers only highly skilled employees should be posted.
- Printed information about different frequent queries should be available at service centers and franchises as well as call centers of telecommunication organizations.
- All organizations should keep eyes on their customer, they was try to be leader not follower to make a competitive advantage.
- Employees should understand specific needs of their customers.
- Different strategies of customer relationship management should be followed to enhance life cycle of their customers.
- Interaction between employee and customer should be in language which was convenient to customer instead of any specific language.
- Employees should inform other packages and services offered by company to customers and their benefits to customers also.

**Practical and Theoretical Implications of Study**

This research was practically implemented in the telecommunication industry for improving organizational performance which can influence by customer relationship management capabilities in an effective way. It was provide a platform telecommunication organization to improve their customer relationship management capabilities for making long
term relationship with their customers and make frequent and bundle sale of their products and services to the customers. It is satisfy and make customer loyal to them which was take financial and non-financial benefits to organization. The findings of this research was help telecommunication industry to make their strategies of customer relationship management capabilities for long term relationship with their customers to gain competitive advantage and high market share by retention of existing and attracting of new customers.

Some other practical and theoretical limitations were given below.

- This study was dynamic in nature and can implement Cross cultural and multi industry by seeking other CRM processes and CRM Capabilities.
- In order to enhance organizational performance, managers should identify more aspects of customer relationship management.
- Managers should provide friendly environment to interaction where both customers and employees were more comfortable.
- The results would be helpful for the customer relationship management of telecom sector for increasing their organizational performance.

Bibliography


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