

Doctoral Thesis

**Customer Relationship Management (CRM) and the
Financial Performance of Small and Medium
Enterprises in Dynamic Environment: An
Investigation in Vietnamese Tourism Industry**

**Řízení vztahů se zákazníky a finanční výkonnost malých a
středních firem v dynamickém prostředí: výzkum v oblasti
cestovního ruchu ve Vietnamu**

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ABSTRACT

The main objective of this dissertation is to provide a comprehensive framework for Customer Relationship Management (CRM) implementation for Small and Medium Enterprises (SMEs) in order to dramatically and sustainability improve SMEs' financial performance. The topic is chosen given the fact that there hasn't been any general consensus about it yet in previous researches and the emerging urgency for it in the practice. For achieving this objective, the dissertation work also attempted to address the two current noticeable CRM-related research gaps. The first one is about the full mechanisms through which CRM can improve firm's financial performance. The second one concerns about the integration of change-mechanism into CRM for dealing with fast-paced changes in the current dynamic business environment. Moreover, this dissertation also contributes to the current thin number of researches on CRM topics in SMEs that are the main engine for economic growths around the world, especially in emerging economies like Vietnam.

For developing the framework, theories and frameworks from organizational economics, strategic management and marketing literatures are reconciled to form the unifying framework of sources of performance differentials as the theoretical background. Having the theoretical background, another three rounds of investigations are conducted for defining the successful factors for the successful CRM implementation and testing their impacts to SMEs' performance. The first qualitative investigation using in-depth interviews with 41 managers in SMEs in Vietnamese tourism industry have provided profound information for defining the unique characteristics for each factor in the proposed framework. Especially, the Customer Agility concept from operational management field is integrated into the framework for the first time in order to provide a brand new and more comprehensive approach toward CRM implementation in SMEs. Then the framework is tested on data collected from a survey of 111 SMEs in tourism industry in Vietnam using Partial Least Square Structural Equation Modeling (PLS-SEM). As the last attempt, the findings from previous two rounds of investigations are reflected and justified in the case study research in two chosen tourism SMEs.

The results provide evidences that the interrelationships between CRM antecedents, CRM processes and components of Customer Agility such as Dynamic capabilities (DC), specific business processes are supported. Moreover, through the mediating roles of Dynamic capabilities (DC) and specific business processes, the mechanisms of how CRM processes can influence the Customer value and Financial performance are explored. Taking into account, the specific conditions for each factor to be effective in CRM

implementation framework are also defined. Through analysis of qualitative and quantitative data about CRM antecedents, it is found that the first step in implementing CRM program in SMEs is much more related to the strategic factors of human and management systems than to the investment in technology. Moreover, the feedback loops design for continuous learning in the performance measurement systems in SMEs can really boot CRM impacts on SMEs' financial performance.

Based on these findings, number of recommendations are suggested which might have important implications for CRM implementation in the practices, especially for managers in SMEs in pursuing the sustainable competitive advantages and benefits for their owners.

ABSTRAKT

Hlavním cílem této disertační práce je návrh komplexního rámce pro implementaci řízení vztahů se zákazníky (CRM) v malých a středních podnicích (SMEs) s cílem výrazně a udržitelně zlepšit jejich finanční výkonnost. Téma je zvoleno na základě faktu, že z předchozích dostupných výzkumů zaměřených na tuto problematiku doposud nevyplývá obecný konsensus, a dále v důsledku rostoucího naléhavého zájmu o tuto problematiku v praxi. K dosažení vytyčeného cíle se tato disertační práce také zaměřuje na řešení dvou v současnosti zjevných mezer v oblasti výzkumu CRM. První z nich se týká uceleného mechanismu, prostřednictvím kterého CRM napomůže zlepšit finanční výkonnost firmy. Druhá se pak týká integrace mechanismu změn do CRM pro řešení rychlých změn v současném dynamickém podnikatelském prostředí. Tato disertační práce navíc rozšiřuje současný nízký počet výzkumů zaměřených na CRM v malých a středních podnicích, jenž jsou hlavním motorem hospodářského růstu ve světě, zejména pak v rozvíjejících se ekonomikách, jako je Vietnam.

K návrhu rámce jsou využity literární zdroje snoubící teoretický rámec z ekonomiky organizací, strategického managementu a marketingu, které slouží jako teoretická základna a sjednocující rámec. Po vytvoření teoretické základny následují další tři kola šetření k definování faktorů úspěchu pro úspěšnou implementaci CRM a testování dopadu na výkonnost malých a středních podniků. První kvalitativní šetření pomocí hloubkových rozhovorů se 41 manažery v malých a středních podnicích ve vietnamském turistickém průmyslu poskytlo pro definování jedinečných charakteristik pro každý faktor v navrhovaném rámci podstatné informace. Zejména pak koncept zákaznické agilnosti z oblasti operačního managementu je integrován do rámce poprvé, a poskytuje tak zcela nový a komplexnější přístup k implementaci CRM v malých a středních podnicích. Dále je navrhovaný rámec testován na základě údajů shromážděných z průzkumu 111 malých a středních podniků z odvětví cestovního ruchu ve Vietnamu, s využitím modelování pomocí strukturálních rovnic metodou parciálních nejmenších čtverců (PLS-SEM). V rámci posledního šetření jsou závěry předchozích dvou kol šetření reflektovány a odůvodněny výzkumem případových studií u dvou vybraných malých a středních podniků z odvětví cestovního ruchu.

Výsledky šetření prokazují, že existují vzájemné vztahy mezi CRM antecedenty, CRM procesy a mezi komponentami zákaznické agility jako jsou dynamické schopnosti (DC) či specifické obchodní procesy. Navíc, prostřednictvím zprostředkujících rolí DC a specifických obchodních procesů, je zkoumán mechanismus- jak mohou procesy CRM ovlivnit hodnotu pro zákazníka a

finanční výkonnost. Rovněž jsou definovány a uvažovány specifické podmínky pro každý faktor tak, aby byl faktor efektivní v implementačním rámci CRM. Analýzou kvalitativních a kvantitativních dat o CRM antecedentech bylo zjištěno, že první krok při zavádění programu CRM v malých a středních podnicích je mnohem více spjat se strategickými faktory lidských a řídicích systémů než s investicemi do technologií. Navíc bylo zjištěno, že návrh zpětné vazby pro průběžné učení v systémech měření výkonnosti v malých a středních podnicích může skutečně zvýšit dopady CRM na finanční výkonnost malých a středních podniků.

Na základě zmíněných zjištění jsou navržena doporučení, které by mohly mít významné důsledky pro implementaci CRM v praxi, zejména pro manažery v malých a středních podnicích při prosazování udržitelných konkurenčních výhod a přínosů pro jejich vlastníky.

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LIST OF ABBREVIATIONS AND ACRONYMS

ABC	Activity Based Costing
AHP	Analytic Hierarchy Process
APL	Action Profit Linkage model
ASEAN	Association of South-East Asian Nations
AVE	Average Variance Extracted
B&F	Beverage and food department
B2B	Business to Business
B2C	Business to Consumer
BEM	Business Excellence Model
BO	Accounting & Finance department
BSC	Balanced Scorecard
CBS	Comparative Business Scorecard
CE	Customer Executive
CEO	Chief Executive Officer
CEVITA	Capability Economic Value of Intangible and Tangible Assets Model
CLV	Customer Life time Value
COO	Chief Executive Officer
CRM	Customer relationship management
Cross.	Cross functional teams
CV	Customer Value
CVA	Customer Value Analysis
DC	Dynamic Capability
E-CRM	Electronic Customer Relationship Management

Empl.	Employees
ERP	Enterprise Resources Planning
EVA	Economic Value Added
FM	Front Office Manager
FO	Front office department
FP	Financial performance
GDP	Gross Domestic Production
GM	General Manager
HM	Human Resource Manager
I/O	Industrial Organization theory
ICT	Information and Communication Technology
IMF	International Monetary Fund
INI	CRM initiation
IPMF	Integrated Performance Measurement Framework
IPMS	Integrated Performance Measurement System
IT	Information Technology
KM	Knowledge Management
MAI	CRM maintenance
Maint.	Maintenances departments
MAR	Marketing capabilities
Mark.	Marketing department
MRA	Moderated Relationship regression analysis
NPD	New product development
OECD	Organization for Economic Co-operation and Development
PCI	Provincial Competitive Index

PMS	Performance Measurement System
PPVC	Performance Planning Value Chain
RBV	Resources-based view
RDF	Results and Determinants Framework
REG	Regenerative capability
REN	Renewing capability
ROA	Return on Total Asset
ROE	Return on Equity
Sale	Sale department
SEM	Structural Equation Modeling
SMEs	Small and Medium Enterprises
SPA	Supportive Performance Measure
SPC	Service-Profit Chain
SPP	Sources, Position and Performance
ST	Strategic CRM organization
TECH	Technology infrastructure
TER	CRM termination
TMT	Top management team
UCDF	Unused Capacity Decomposition Framework
VCCI	Vietnam chamber of commerce and industry
VNAT	Vietnam National Administration of Tourism
VND	Vietnamese Dong
VRIN	Valuable, Rare, Inimitable and Non- substitutable
WTTC	World Travel & Tourism Council

INTRODUCTION

Demographic shifts, rapid urbanization and the scarcity of resources are among the megatrends which affect the world business environment in the recent decades. Recently, globalization and technology have created the major increases in trade and financial flows. More importantly, the massive level of interconnectivity created by the new information and communication technologies has forced the organizations to rethink about number of issues. First, the level of transparency has rapidly increased making the competition between firms in all industries intensive than ever. Customers and related stakeholders have more information and channels to actively choose what, where, how and with whom they would like to make the purchase or return after the first purchases. Thus, the trend of increasing transparency and connectivity makes the power of bargain from customers stronger than ever. As a result, companies nowadays less rely on or exploit the monopoly-like competitive advantages such as economic of scales or networking powers to dominate their competitors. Instead, the competitive advantages for differentiating with competitors sustainably and profitably are the priority and the driving factor for successes in most of the firms. Specifically, the customer orientation and customer-related strategies and practices have risen to become one of the most in-demand competitive advantages.

Second, affecting by the relentless innovation of new technologies in all areas of production and social life, the business environment is becoming very unpredictable and the life cycle of products and services becoming extremely short. In addition, the fragile and uncertain economic cycles, politics, societies make the both short and long future more often unforeseeable. Thus, it is imperative that companies nowadays need to develop the change management practices for dealing with the rapid and disruptive changes in business environment beside their ordinary business activities.

Taking into account these two major challenges, this dissertation's topic has been selected as "*Customer Relationship Management (CRM) and the Performance of Small and Medium Enterprises (SMEs) in Dynamic Environment: An Investigation in Vietnamese Tourism Industry*". Taking the context of Vietnamese tourism industry as the exemplary case for emerging markets, this dissertation attempted to develop a framework for CRM implementation in SMEs which can help firms to proactively and profitably exploit their customer relationships as the competitive advantages for surviving and thriving in the rapid changing environment at the present and in the future. According to the consensus in CRM research, CRM represents an enterprise approach to developing full-knowledge about customer behaviors and

preferences and to developing programs and strategies that encourage targeted customers to continually enhance their business relationship with the company. In addition, the benefit of CRM can be easily accepted on conceptual basis but the application of CRM in the practice raised a lot of scepticism about CRM and its real benefit for firms. High failure rate on reported CRM program in the practices raised the needs for new approaches and research on the topic of CRM implementation, especially in the dynamic and rapid changing business environment. Moreover, this dissertation also attempted to provide empirical evidences and academic research on these major challenges in SMEs context where the academic research on these topics is still not profound enough.

By focusing on the unique characteristics of SMEs, this dissertation work described the current state of research topic with cited literatures, derived the research questions and objectives and addressed them by exploiting both qualitative and quantitative research designs. The data collected were analyzed with justification and references for providing empirical evidences on new comprehensive CRM implementation framework. This dissertation also highlighted the importance of developing specialized resources and capabilities within an organization which governed the evolutions of ordinary capabilities or business processes. These specialized capabilities are imperative and are embedded into the new comprehensive CRM implementation framework proposed by this research for ultimately improving SMEs' financial performance.

1. CURRENT STATE OF SUBJECT AREA

This chapter of the dissertation provided backgrounds for further works in other parts. This section focused on providing the business environment backgrounds, the critical literature reviews on building competitive advantage, CRM processes and components, key success factors for CRM implementations. Furthermore, issues on the CRM implementation in new dynamic business environments were explored. Then a change mechanism was suggested and embedded into the proposed theoretical framework for CRM implementation in dynamic and hyper changing business environment.

1.1 Overview of business environment

1.1.1 Major transformations in world business environment

At the moment when this dissertation was conducted, world business environment has been experiencing extremely significant changes in the past years. From 1980 to 2007, global trade grew much faster than the global GDP. Since then till the present, it has been falling behind for the first time in many years as presented in Figure 1.1. Thus, it can be arguably said that globalization has no longer been driving the global growth to the extend it used to do. According to the PwC CEO 20th survey report (2017), this trend attributed to some factors: (1) international co-operation is more complicated and intricate by the idea of nationalism has increased over the world; (2) China is on the way of rebalancing its economy which has hit the demand for commodities and trades; (3) regulatory measures introduced after the financial crisis (2007 -2008) have dented the cross-border capital flow.

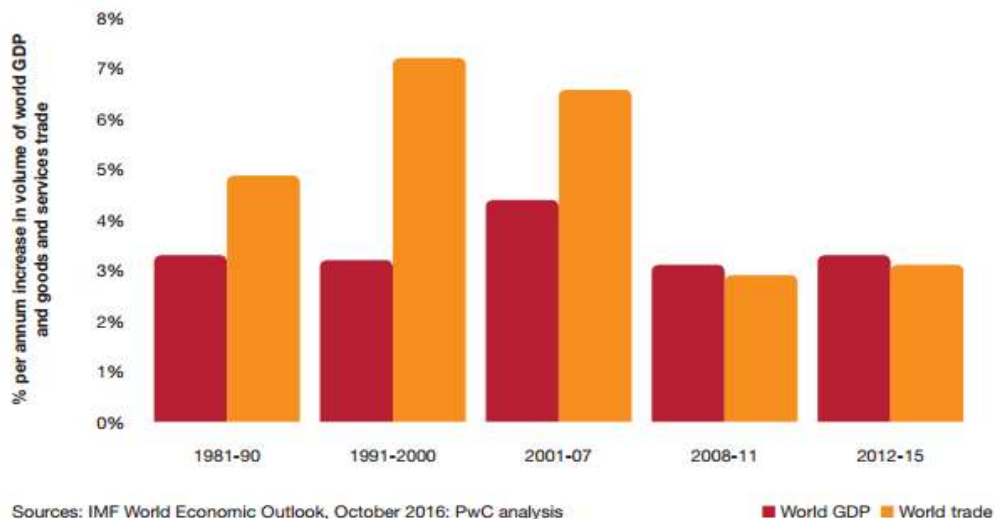


Figure 1.1: Global trade and Global GDP. Source: PwC, 14th annual CEO survey report and 20th annual CEO survey report.

Since the fundamental basic for economic growth has been dramatically slowing down, the attraction of different markets for investors is also radically changing. The capital flows and interests of main players in the market now are transferring to developed economies when looking for growth such as United State, Germany, United Kingdom, and Japan. In the past, emerging markets such as Brazil, China or Indian are considered as the sure ticket to success for many firms seeing the relentless growth in these countries in the pasts. Figure 1.2 showed the changes in the attraction of countries for growths in CEOs opinions according to PwC surveys in 2014 and 2017.

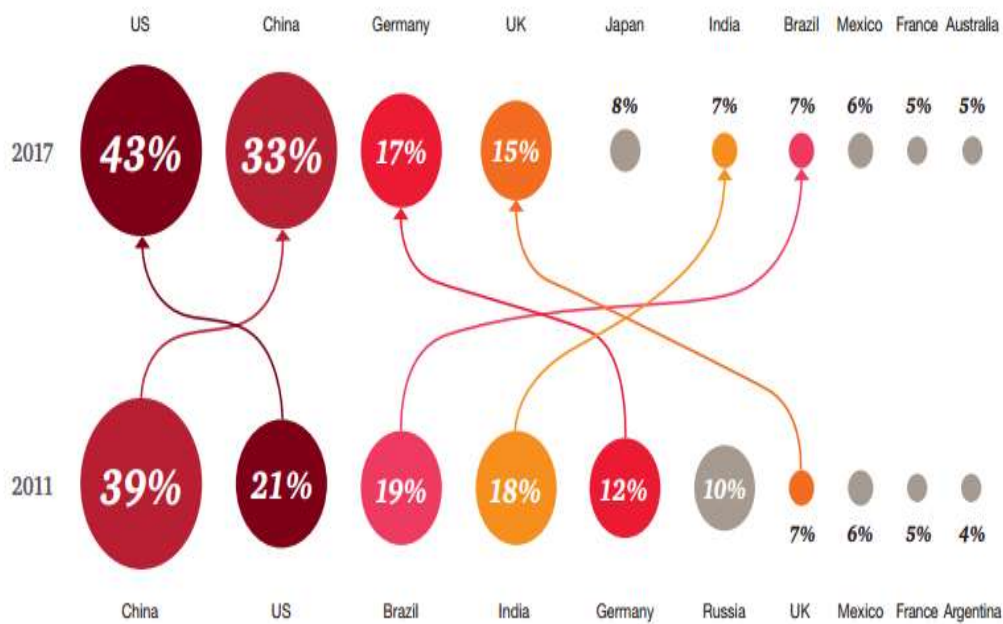


Figure 1.2: The attraction of countries for growths in CEOs opinion. Source: PwC, 14th annual CEO survey report and 20th annual CEO survey report.

Beside these trends, it can be seen that companies and consumers over the world now also started to realize both up and down sides of the globalization (Spence, 2011). The concerns over the income inequality and climate changes are attracting much attention of all the key players in the market. The movements in these social concerns also introduced a lot of new threads and opportunities as well to any entities in the economy. At the micro level, the most noticeable change is about the rapid spreading out of Internet in every aspect of life and its effects on the way of doing business. The evolutions of Internet and new information technology were characterized by the introduction of the terms “the digital economy” by OECD (2012). As a result of this major transformation on the digital platform, competition is now much more dynamic and uncertain which are governed by the disruptive innovations in new technologies and ways of doing business.

In short, one can describe the economy as a “living, adaptive organism and therefore is unpredictable, said by Professor Milan Zeleny in one interview (financialsense.com, 2016). Therefore, any firm who would like to survive and thrive in the long-term should be ready for competitions characterized by the extremely uncertainty and hyper-changing business environment.

1.1.2 Vietnamese economy

This section’s objective is to provide the most typical characteristics of the Vietnamese economy which might affect the performance of the SMEs investigated in the dissertation.

Vietnam is a country with more than 95 million populations and the areas are about 331,114 squares km. Vietnam is located in Southeast Asia and is considered as the third largest countries regarding size of population. However, in term of size of economy, Vietnam is only the sixth largest economy among ten countries in the region with the GDP in 2016 was about 205 billion US dollar according to World Bank data.

The most important event that marked the major transformation of Vietnamese economy is the broad and dramatic economic reform called “Doi Moi” in 1986. The economic reform took places in three main areas which are: (1) the transformation from a centrally planned and controlled economy to a market economy regulated by the government; (2) a shift in main turbo of the economy from state-owned enterprises and collective entities to multi-sector businesses including a formal acceptance of private sector; (3) the transition from focus on heavy industries to the development of service sectors including the production of goods for export. Figure 1.3 showed the transitions and main events for the Vietnamese economy transformations from the time that Vietnam gained back the independence in 1975. As presented in Figure 1.3, some milestones in history of Vietnamese economy included:

- 1975: The war stopped. The Southern and the Northern parts of Vietnam were reunited.
- 1976: The Socialist Republic of Vietnam was officially established.
- 1986: The Sixth Communist Party Congress approved broad economic reform.
- 1994: US lifted the economic embargo on Vietnam.
- 1995: Vietnam became a member of ASEAN.
- 2002: Vietnam – US trade agreement was signed.
- 2006: Vietnam became a member of WTO.
- 2007: Full realization of AFTA (ASEAN Free Trade Area).



Figure 1.3: Key events in Vietnamese economy from 1975. Source: own research

Since the major transformation of economic model, Vietnam has been experiencing very high GDP growth rate among economies in the regions and even all over the world as presented in Figure 1.4. As most of the economies in the world, after the financial crisis in 2007-2008, Vietnam GDP growth rate has slowed down. Especially, with the exporting value nearly the size of the GDP (86% in 2016), the slowdown in global trade has seriously influences on the Vietnamese economy. However, as presented in Figure 1.4, Vietnamese economy was the most stable and resilient one in the region. The growth rate was not so fluctuated like in other countries except Indonesia.

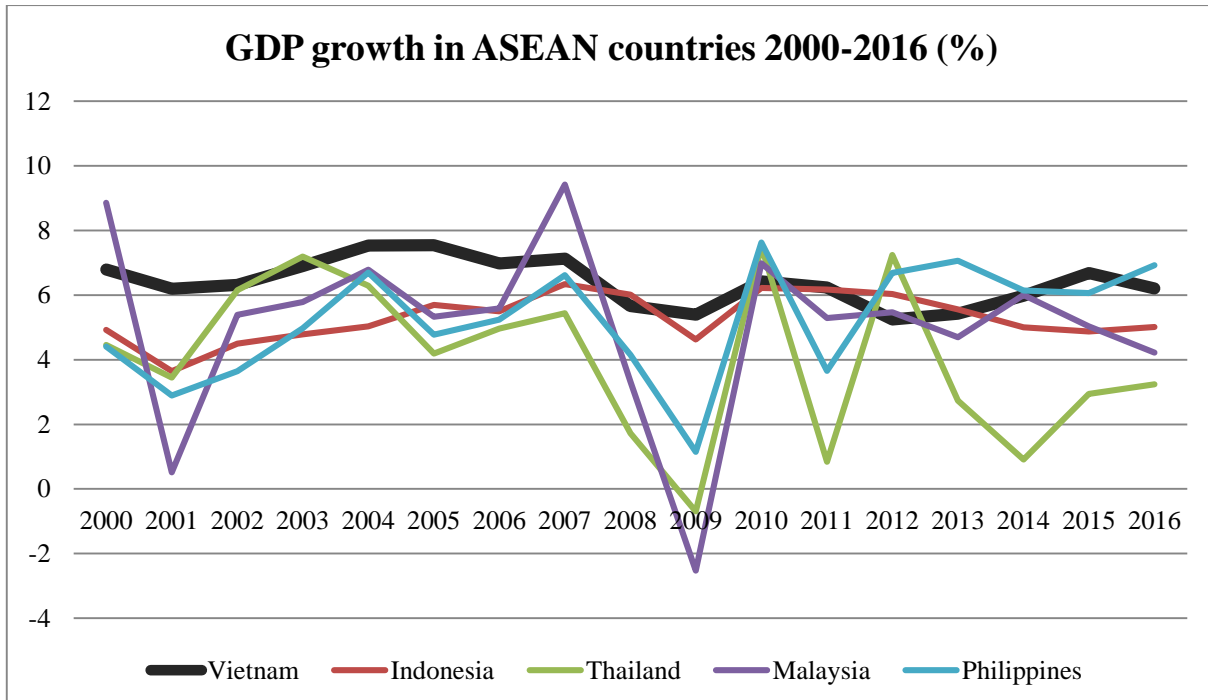


Figure 1.4: GDP growth in ASEAN countries 2000-2016 (%). Source: World Bank

Contrasting to the stable in GDP growth rates, the inflation in Vietnam is the big issues. It was the highest among biggest economies in the regions as presented

in Figure 1.5. It also the most varied which was the result of the “Managed Floating with No Predetermined Path” for the exchange rate and the aggressive monetary policy for boosting growths from Vietnamese government. The highest inflation in 2008 (23.1%) was the results of the plan for boosting the economy growth as the measured for encountering with the 2007-2008 financial crisis. Thus, the high growth rates in GDP were not reflected in the real income of Vietnamese people which can causes serious social issues in the long-terms. The situation has been getting better in recent year when the balance between acceptable growth rate and inflation was remained which support the sustainable development for the country.

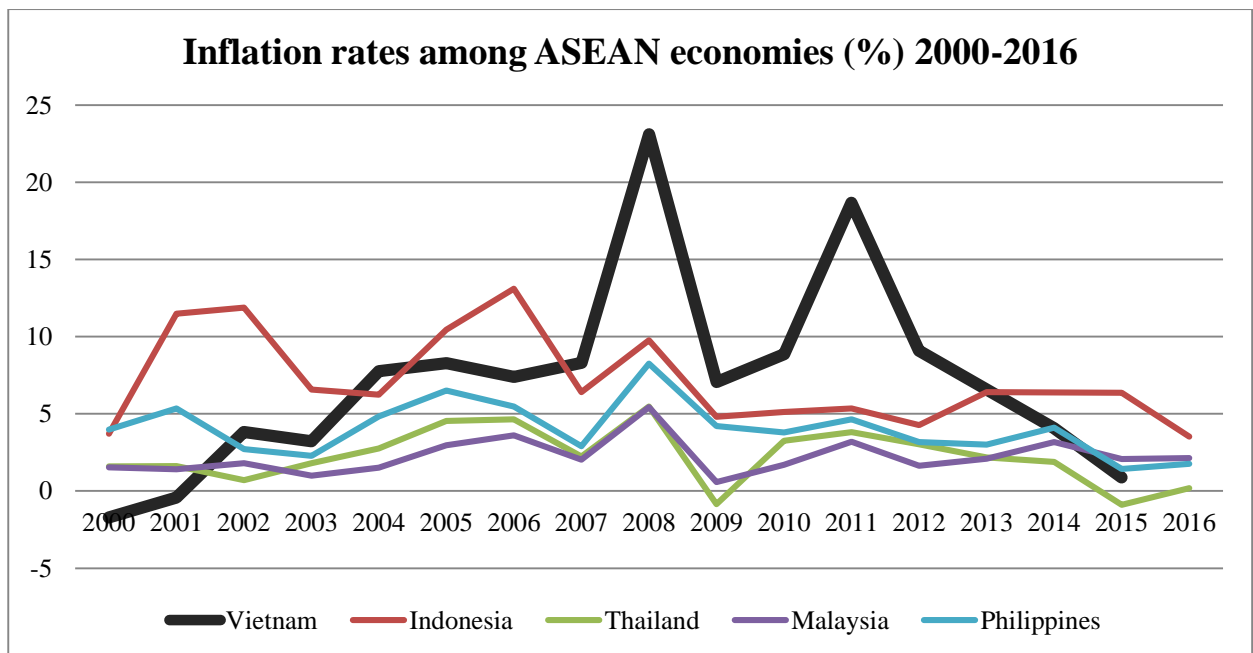


Figure 1.5: Inflation rates among ASEAN economies (%) 2000-2016. Source: World Bank.

Although suffering from the unstable government economic policies, Vietnam are still one of the most attractive economy in the region and in the world for its huge and fast growing markets, especially the very young population and labor forces. This was showed by the outstanding foreign direct investment comparing to GDP (%) of Vietnamese economies among others ASEAN economies as presented in Figure 1.6.

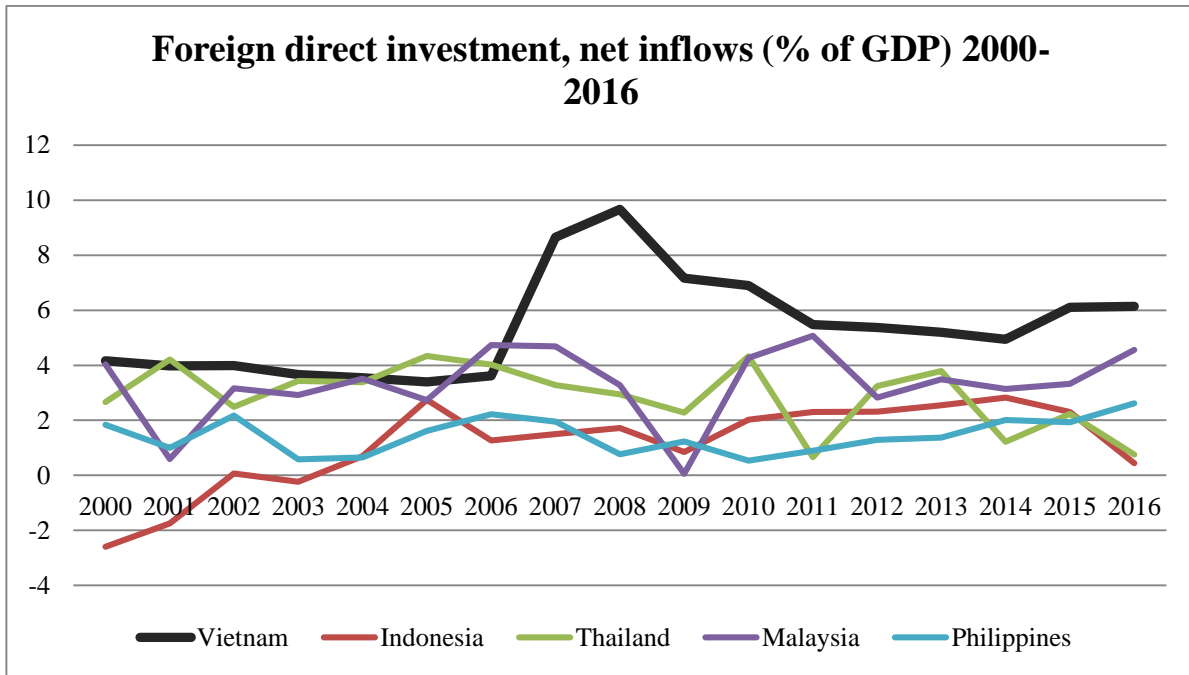


Figure 1.6: Foreign direct investment, net inflows (% of GDP) 2000-2016. Source: World Bank.

In general, Vietnamese economy has shown potentials for strong and sustainable growth in the long-term with a huge domestic market and very young labor force. However, the regulatory and economics policies need to be more transparent and stable to attract more new investments for improving the economy’s infrastructures and ecosystem which are still in its early development. Furthermore, one noticeable characteristic in Vietnamese economy is about the rapid adoption of Internet to average people. After just nearly 20 years the Internet was used by nearly half of Vietnamese people (46%). The number is still rapidly growing. Thus, the economic activities in Vietnam are more and more getting connected deeply with the world market. As a result, digital economy with hyper-changing technologies will characterize the new business environment where every company in Vietnam has to operate and survive.

1.1.3 SMEs in Vietnam

➤ Definition

According to the Decree 90/2001/ND-CP issued on 23 November 2001, SMEs in Vietnam are defined as “independent production and business establishments, which make business registration according to the current law provisions, each with registered capital not exceeding VND 10 billion (441 thousand US dollar according to exchange rate in 2017) or annual labors not exceeding 300 people.” Since it doesn’t include type of ownership in the definition of SMEs, SMEs in

Vietnam can be existed under many forms of business organization such as private firms, limited or joint stock companies, cooperatives and business households or family businesses.

➤ **Classification**

According to the act number 3 in the Decree 56/2009/ND-CP issued on 20 August 2009 and the Decree 16/2013/TT-BTC issued on 8 February 2013 on supporting development of SMEs in Vietnam, SMEs were classified into three levels as very small, small and medium which are based on their total capital or total assets as indicated on enterprises' accounting balance sheet. The detail requirements for classification of SMEs were defined and presented in Table 1.1.

Table 1.1 Classification of SMEs in Vietnam according to sectors.

	Very small enterprises	Small-size enterprise		Medium-size enterprise	
	Number of employees	Total capital	Number of employees	Total capital	Number of employees
I. Agriculture, forestry and fishery	10 persons or fewer	VND 20 billion or less	Between over 10 persons and 200 persons	Between over VND 20 billion and VND 100 billion	Between over 200 persons and 300 persons
II. Industry and construction	10 persons or fewer	VND 20 billion or less	Between over 10 persons and 200 persons	Between over VND 20 billion and VND 100 billion	Between over 200 persons and 300 persons
III. Trade and service	10 persons or fewer	VND 10 billion or less	Between over 10 persons and 50 persons	Between over VND 20 billion and VND 50 billion	Between over 50 persons and 100 persons

Source: Vietnamese Ministry of Finance.

Note: 1 USD ~ 22,700 VND in 2017

➤ Roles and issues of SMEs in Vietnam

As stated in the report about SMEs survey in 2015-2016 from Vietnamese from Central Institute for Economic Management and the Ministry of Planning and Investment, SMEs and private sectors are still the main engines for the growth of Vietnamese economy. Particularly, SMEs have exponentially grown in the period of 2003-2016. In this period, the number of SMEs has doubled by growing from 256,530 in 2003 to 463,500 in 2016. As presented in Figure 1.7, in 2016, the number of SMEs accounted for more than 97% of total number of enterprises in Vietnam.

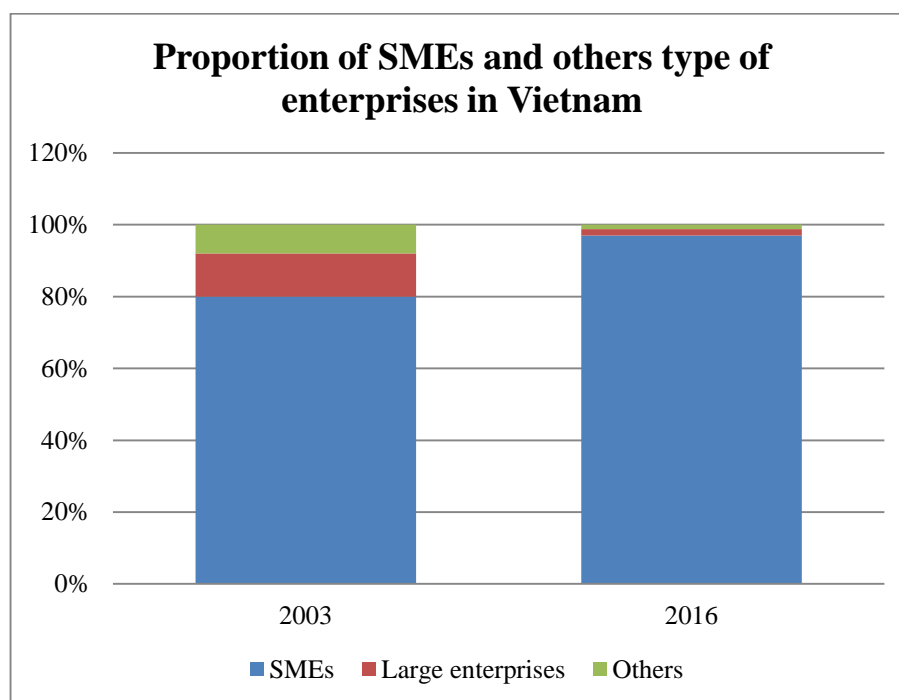


Figure 1.7: Proportion of SMEs and others type of enterprises in Vietnam. Source: General Statistics Office of Viet Nam.

More importantly, SMEs' economic activities contributed the largest share of GDP in Vietnamese economy. Figure 1.8 showed that the contribution of the private sectors in Vietnamese GDP are the largest and reach to nearly 50% in 2016. Interestingly, within the private sectors, the household sectors (Small and very small enterprises) was responsible for more than 35% GDP which is higher than any other sectors of Vietnamese economy. In addition, SMEs has been also the main sectors for improving social-economic issues in in Vietnam. According to a report of the ministry of planning and investment in Vietnam in 2010, the private sectors which are mainly SMEs was responsible for nearly all the new job created in Vietnam between 2000 and 2008. Thus, the survivors and thrives

of SMEs are becoming the main motive for Vietnamese economy at the present and in the future.

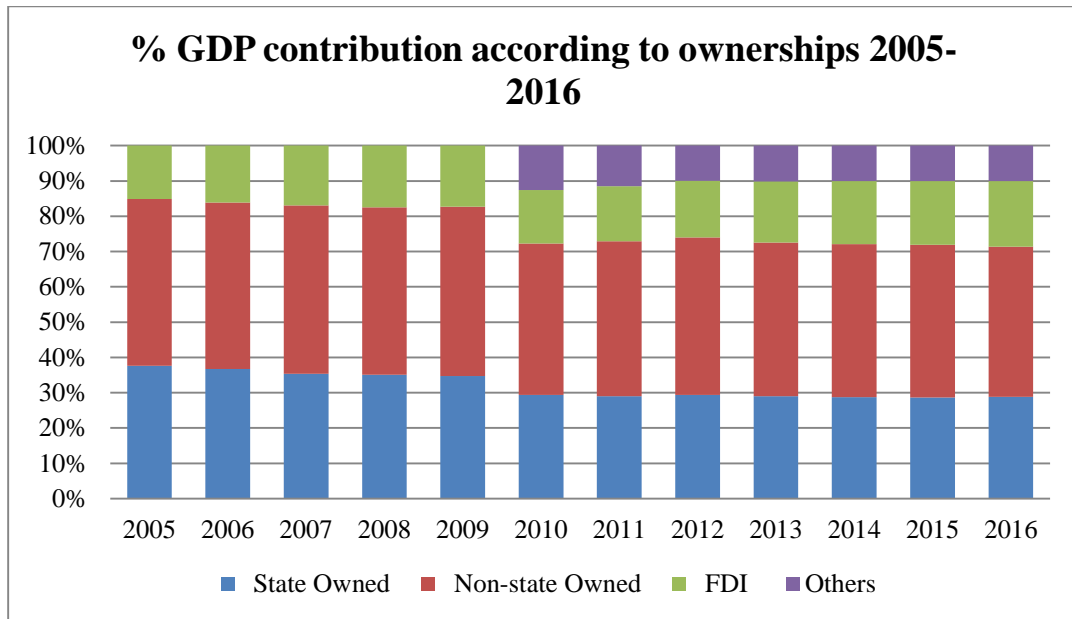


Figure 1.8: % GDP contribution according to ownerships 2005- 2016. Source: General Statistics Office of Viet Nam.

Although playing an essential role in Vietnamese economy, the supports for SMEs from business environment and government policies are still very insignificant. The most noticeable example of the unsupportive business environment for SMEs in Vietnam was about the fact that even responsible for nearly 50% of the country GDP, there are only 21% of credits from banks and other financial institutes were assigned for SMEs (VCCI, 2017). The difficulties in accessing the most important capital resources in Vietnam (loans from banks) has halted the development of SMEs' economic activities in Vietnam, especially in taking advantage of the strong growth in economy in recent years. According to most of the participants in the national conferences about SMEs hold by VCCI in 2017, the rooted problems is mainly about the incompatibility between the natural Vietnamese economic systems and the focus of the Vietnamese government economic policies. This issue has created long-lasting but unsolved problems such as the lacking of supportive ecosystems for SMEs like educational and consultant entities, particular fund for financing SMEs or the complex and non-transparent relationships between private firms and government agencies leading to high unofficial costs.

In addition, SMEs in Vietnam are suffering the internal issues such as lacking of skilled leaderships and personnel, lacking of assessing to new technologies and innovations or lacking of information to penetrate to new markets in the new

changing business environment. An investigation by the Vietnamese authorities in 2009 among more than 60.000 firms provided that 43% of top managers in Vietnamese enterprises haven't graduated from high school and only 2.99% were University postgraduates (Vnexpress, 2009).

As a conclusion, the new business environments which are characterized by disruptive innovations and high uncertainties making the Vietnamese SMEs suffer more severe. Even though the opportunities in a strong growth economy are still ahead, SMEs in Vietnam need to overcome huge obstacles from unsupportive Vietnamese business environments. For backing SMEs in Vietnam in resolving these main issues, this dissertation focused on the way of building competitive advantages by developing their internal competences and business model, especially from customer orientation approach. Thus, the next section focused on literature reviews on how firms can develop their competitive advantages and key success factors for outstanding financial performance.

1.2 Theories about performance differentials

For many decades, the question of how one firm can superiorly outperform the others has been attracted many scholars and academic disciplines. In this section, the theories in different fields which are related to strategic management were reviewed. Based on this critical literature a review, a theoretical framework was suggested to be the preliminary groundwork for the investigations in further parts of this dissertation. Specifically, this theoretical framework of performance differentials and competitive advantages was utilized as the base for developing the new theoretical framework for CRM implementation in SMEs.

1.2.1 Neoclassical economics

The theories about competitive advantages and performance differentials have the heritage in the popular neoclassical model of perfect competition. The main ideas for perfect competition based on the belief that competitions overtime lead to the efficient allocation of resources among players in the markets. Then this force establishes the equilibrium state where demand sides and supply side are finally balance out each other (Mankiw, 2014). This model is built on some principle assumptions: (1) buyers and sellers are price takers because of their insignificant size comparing to total market; (2) there is no room for differentiation in products and services; (3) resources are perfectly mobilize among players in the markets so firms having the same access to the inputs of productions; (4) buyers and sellers have the same amount of information about the markets and each other, then the differentiation in products and services is impossible; (5) both buyers and sellers attempt to maximize their benefits, buyers want to maximize their utility from consuming the products and services,

sellers want to maximize their profits and economic returns; (6) there is no costs regarding transactions in the market. Together, these assumptions are considered leading to the efficient allocation of resources and maximize the welfare of the economy.

As a byproduct of the perfect competition, neoclassical economic theory about the perfect competition concludes that there is no abnormal economic return in the long-run. However, it obviously cannot explain the differences in firms' performance which certain companies have been achieving in the long run such as Apple, IKEA, or Starbucks. Moreover, according to the neoclassical perfect competition model, the role of manager is to adjust the quantity of output according to common price from the market in the short-run and the size of firms in the long-run (Stoelhorst and Raaij, 2004). It's obvious that neoclassical economic theory and its assumptions are far from everyday reality (Teece and Winter, 1984). Therefore, three managerially oriented disciplines which are organizational economics, strategic management and marketing have attempted to address this issue based on a more realistic view of the role of strategic management in explaining firm's financial outstanding performance. In this section, these three building blocks of theory of the firm will be reviewed. Each block of theory release one or more assumptions of the prefect competition model so that the theory can explain the reality more closely. Especially, the dissertation interested in the commonalities and the complementarities between these three blocks of theories which together might create the foundation for building firm's sustainable competitive advantage and the theoretical framework for new CRM implementation practices.

1.2.2 Organizational economics

Organizational economics theories are the theory of applied economics to study the transactions within a firm and also the relationship of a firm with other organizations. Organizational economics theories consist of six blocks of theories which are: the transaction cost theory, the agency theory, the industrial organization theory (I/O), the Schumpeterian view, the Chicago school and the resource-based view (RBV). Transaction cost theory deals with the questions whether a firm should outsource their business activities or develop it internally by weighting the cost of exchange resources with the external environment against the cost of bureaucratic cost of performing activities in-house (Coase, 1995; Williamson, 1981). The agency theory on the other hand deals with the nature of the hierarchical organization within a firm. Though these two first theories have explained some aspects of how firms can be the efficiency seekers, they don't give explicit explanations for the performance differentials between firms. The last four theories focus on answering such questions as "why do firm exits?" and "why do they take on the forms that they do?" which are our

interests in this dissertation. They each release one of the assumptions of neoclassical model of perfect competition to explain differential performance (Bain, 1954; Peteraf, 1993; Stigler, 1986; Schumpeter, 1934, 1943). Specifically, the I/O argues that there are performance differentials between firms because of the product differential and market power. The central ideas is that firms are able to exercise their monopoly power and such behavior will results in higher price in products and lead to sustainable abnormal returns (Chamberlin, 1933). This theory lead to a notion of “structure-conduct-performance” hypothesis which claims that the industry structure will determine the conduct of the firm and then results in their performance (Bain, 1954). In another view, the Chicago school states that the abnormal returns are the results of efficiency differences between firms. The efficiency differences can come from the economics of scale or obtaining the valuable knowledge as the input for firms operation (Conner, 1991; Stigler, 1986). Similarly, the Schumpeter’s view argues that the innovation of products and business processes are the sources for performance differentials (Schumpeter, 1934, 1943). Who can adapt better to the new consumers’ taste, new way of production, and new way of distribution is likely the final winner. Finally, the resources-based view (RBV) sees the firms as different individual at the starting point (Peteraf, 1993). It objects the assumption of neoclassical perfect competition model that resources are perfectly distributed. It refers valuable, rare, inimitable and non-substitutable (VRIN) assets as the sources of firm performance differentials (Barney, 1991; Barney, Wright & Ketchen, 2001). Table 1.2 summarized the views of theories of the firm in organizational economics literature.

Table 1.2 Organization economics theories of the firm.

School of thought	Source of performance differentials	Main theoretical concept	Role of management
Industrial Organization (I/O)	Differentiation and positioning power in the market	Structure-Conduct-Performance	To differentiate by controlling inputs or restraining outputs.
Chicago	Efficiency	Information as valuable knowledge	To seek efficiencies in production or distribution
Schumpeter	Innovation	Adaptation	To actively seek for new concepts

			of products/services
RBV	Internal resources	VRIN assets	To develop VRIN assets

Source: Own research

1.2.3 Strategic management theories

Strategic management deals with tasks of formulating and implementing strategic objectives and goals of an organization. It guides manager to take managerial actions to achieve organizational goals and objectives considering internal resources and external competitive landscape. In strategic management, the positioning school (Porter, 1980) and the competence-based school (Wernerfelt, 1995) are the two which concentrate on the content of strategy which help to explain the performance differentials between firms. However, they have contrast views about how to build competitive advantage. The positioning school which represent by the five-force model (Porter, 1989) take the outside –in view and provide manager an analysis framework of business competitive environment to strategically position firm so they can achieve abnormal return. It concern mostly about identifying the attractive industry, then finding a superior positions in this industry and protecting these positions by high competitive barriers such as economic of scale and switching costs. In contrast, the competence-based take the inside-out view and direct their analysis to the valuable resources, hard-to-imitate knowledge to gain the competitive advantage (Sanchez & Heene, 1997). According to competence-based view, managers should stretch their strategy beyond the current situation in the business environment by becoming “rule breakers” rather than “rule takers” (Prahalad & Hamel, 1994). However, they both have the common origin from the organizational economic and emphasize the very important concept which seen firm as the resources burden (Fahy, 2002). Especially, in the more recent work of Porter (1991, 1996), he explained that competitive advantages come from the firm’s positional advantages in the industry resulting from the master of business processes or processes efficiencies which can somehow consider as the firm’s competence. This actually brought the two theories closer with each other in explaining sources of competitive advantages. Table 1.3 summarized the views of theories of the firm in strategic management literature.

Table 1.3 Strategic management theories of the firm.

School of thought	Source of performance	Main theoretical concept	Role of management
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	differentials		
Positioning	Advantages by having favorable position in the industry (similar with I/O and Chicago school of thought)	Five-Forces model	To analyze industry structure and choose strategy to compete
Competence-base	Resources inside which are hard-to-copy by competitors (similar with RBV and Schumpeter)	Company as the resources burden	To develop the core competences and capabilities for competing

Source: Own research

1.2.4 Marketing literatures

Marketing literatures are also based on organizational economics concepts to attempt to explain the competitive advantages. Like in any discipline, different marketing scholars have different explanations on sources of performance differentials. Alderson's work (1965) has been one of the first schools of thought emphasized the differential advantages in the process of competition. Known as the functionalist school of thought, Alderson argued that a firm needed to fulfill a range of functions which are different with the competitors for customers to choose it over the others (Alderson, 1965). Lately, Day and Wensley (1988) developed the SPP framework (Sources, Position and Performance) to describe the casual chain which lead to the competitive advantages which runs from the sources of advantages (superior resources), through positional advantages (cost leaders or value company), to outcomes (customer performance, financial performance). Completing this framework is the feedback mechanism from the performance outcome back to the sources of advantage to identify key success factors and the necessary investments in skills and resources. In another view, Dickson (1992) explained that the disequilibrium of the market is the condition for superior performance and the rate of change or the adaptability of individual seller overtime determine their performance. Thus, learning capabilities will be the sources of outstanding performances. Finally, Hunt and Morgan's RA theory combines and extends the view of the Day and Wensley's SPP framework and Dickson's dynamic equilibrium paradigm (Hunt & Morgan, 1995). The theory is based on the

resource-based view and emphasizes the role of learning in explaining firms' abnormal returns. Moreover, from the perspective of marketing discipline, firm need to take the customer orientation to achieve sustainable superior performance. And customer orientation has been the most widely discussed concept in relation to performance differential between firms (Narver & Slater, 1990; Pelham & Wilson, 1996). Table 1.4 summarized the views of theories of firm in marketing literature.

Table 1.4 Marketing theories of the firm.

School of thought	Source of performance differentials	Underlying theory	Role of management
Alderson	Differential advantages	I/O Schumpeter	To identify and fulfill differential functions.
Day and Wensley	Superior skills and resources Positional advantages	RBV Porter's positioning	To collect and analyze the feedbacks from both customers and competitors.
Dickson	Evolving and self-improvements to adapt with new markets	Chicago Schumpeter	To move from one short-term equilibrium to another one.
Hunt and Morgan	Combined resources within a firm	RBV	To identify and develop the key resources to achieve the strategic fit with the market.

Source: Own research

1.2.5 The unifying framework for performance differentials

This dissertation inherited the advancements in the organizational economics theories, the strategic management theories and the marketing theories in explaining the differential performance between firms. Based on these theories,

a unifying framework was proposed for developing competitive advantages for a firm. Using this unifying framework as the background, we define the full mechanism of success factors an organization should develop so it can achieve the competitive advantage which lead to the superior economic returns as presented in Figure 1. 9.

Overall, there are differences in the mentioned theories about the sources of firms' performance differentials because they are focus on different stages of the casual chain for developing competitive advantages. More specific, the casual chain was rooted and resembled from the four organizational economics theories (Stoelhorst and Raaij, 2004). Four organizational economics theories laid out the necessary factors and the unifying framework chain them together in an order from the beginning to the end of the process which consist of five steps: (1) Innovation from Schumpeter school; (2) Resources from Resources Based View school; (3) Business process efficiency from Chicago school; (4) Positional advantages from Industrial Organizational school; and (5) finally lead to the performance outcomes. Having the basic elements, Figure 1.9 represents both the convergence and divergences of other schools of thought with the casual chain in the proposed unifying framework. Especially, the commonalities in marketing and strategic management schools of thought on explaining sources of performance differentials show that they have common roots in organizational economics theories (see Figure 1.9). By combining all sources of performance differentials in all theories together in a sequence, an overall picture of the roles of each theory in the whole framework, their pros and cons, their differences and similarities were elaborated.

The unifying framework starts with the "innovation" or "learning capabilities" which are the sources of performance differentials from the Schumpeter views, competence-based theory and Dickson's dynamic equilibrium paradigm. Resources-based view, Hunt and Morgan's RA theory, SPP frameworks suggest that the root of outstanding performance is from superior "Resources" of an organization. In this framework, the "Resources" is the consequences of "Innovation" and the antecedents of "Business process efficiencies" which is the sources of abnormal returns suggested by Chicago school. This element is also the gap in most of the theories when most of them did not focus on and skip the specific business processes step in explaining the performance differentials. In contrast, the "Positional advantages" is suggested as the necessary step to achieve before having the superior "Financial performance" by most of the theories such as SPP framework, RA theory and I/O theory from organizational economic.

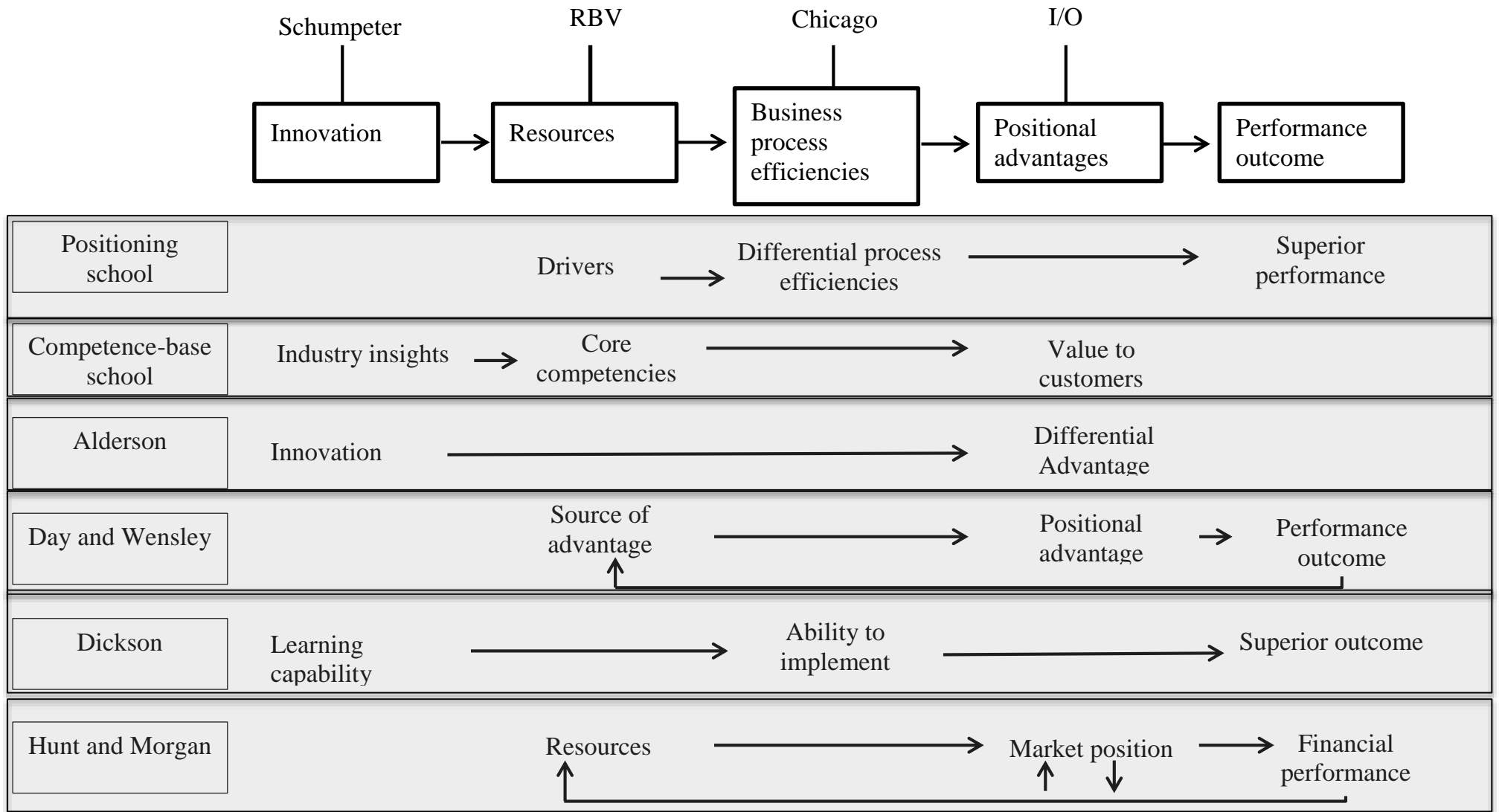


Figure 1.9: Unifying framework of sources of performance differential. Source: Adapted from Stoelhorst and Raaij (2004)

1.2.6 The comprehensive theoretical CRM implementation framework

Concerning CRM as the framework for creating competitive advantage, the CRM implementation process should be accordance with the full mechanism of the unifying framework of sources of performance differentials. According to this approach, firms should decompose their CRM implementation processes into different components and steps alike the unifying framework. Then, each component is assigned with particular responsibility which resembles and acts as the elements of the unifying framework of sources of performance differential. By doing this, firms can easily track where the problems really are when implementing CRM program. Moreover, by understanding the roles and underlying meanings of each component in the whole implementation process, managers can proactively act to change or modify the elements in the step in order to improve the overall result of CRM program. Figure 1.10 presents the matches between elements of comprehensive CRM implementation framework and their counterparts in the unifying framework of sources of performance differentials. As shown in Figure 1, CRM antecedents should act as the foundation to provide the learning capabilities and boot the relentless innovation to adapt with changes in business environment. In this study, following the approach that CRM program need to combine both technical and organizational factors, key CRM antecedents should include three factors: Technical infrastructure factors, Strategic organizational factors and Knowledge management factors (Ernst, Hoyer, Krafft & Krieger, 2011; Payne and Frow, 2005; Sin, Tse & Yim, 2005).

Specific CRM processes should be the main driver and resources which directly determine the success of CRM implementation program. However, CRM processes need to employ or influence the efficiencies of particular business processes to actually translate their impacts on firms' performance (Reimann, Schilke & Thomas, 2010). Complementing to previous researches about the indirect relationship between CRM and firms' performances, this study proposed that the mediating factors between CRM and firms' performances should focus on building the ability to deal with the shifting in customer preferences, called Customer Agility (Christopher, 2000; Zandi and Tavana, 2011). In this study, we also approach Customer Agility under Dynamic capabilities perspectives. In addition, the mediating factors should be the processes which can translate the requirements from CRM processes into specific actions. In this study, new product development capability and marketing capability are defined to be those specific business processes in the framework. From this point of view, CRM processes which received inputs from CRM antecedents will produce the strategic intelligences and decisions for initiating, maintaining or terminating customer relationships (i.e., what to do and

why we do) with well-chosen customer portfolios (i.e., to whom we do). However, what specific resources (i.e., processes, peoples, assets) should be used and in what way are the questions to the specific business processes (i.e., how we do and how fast and efficient we do).

Furthermore, because CRM objective is to maximize shareholder value through sustainable profitable customer relationships, Customer value should be the direct consequences of the CRM implementation which will give firms the positional advantages in the market comparing with other competitors. Customer value also mediates the effects of CRM processes to the final performance outcome which are financial performance. This is consistent with the current dominant approaches to competitive advantages in strategic management and marketing which is market orientation (Deshpandé and Farley, 2004; Morgan, Vorhies & Mason, 2009; Pelham and Wilson, 1996). More importantly, the feedback loops designed in the framework reflect the continuously back-and-forth features of any processes in reality. The back and forth of information transferring between the processes in the framework is the most important element in a learning organization which is the prevalent factors for sustainable growth in the hyper changing business environment. In general, this comprehensive framework of CRM implementation process provides a comprehensive way to delineate how the CRM concept can be probably translated into set of organization activities to effectively and successfully extract the real benefit from the CRM program. In the next coming sections, more detail of the components of the suggested CRM implementation theoretical framework were scrutinized for justifying their roles in creating performance differentials.

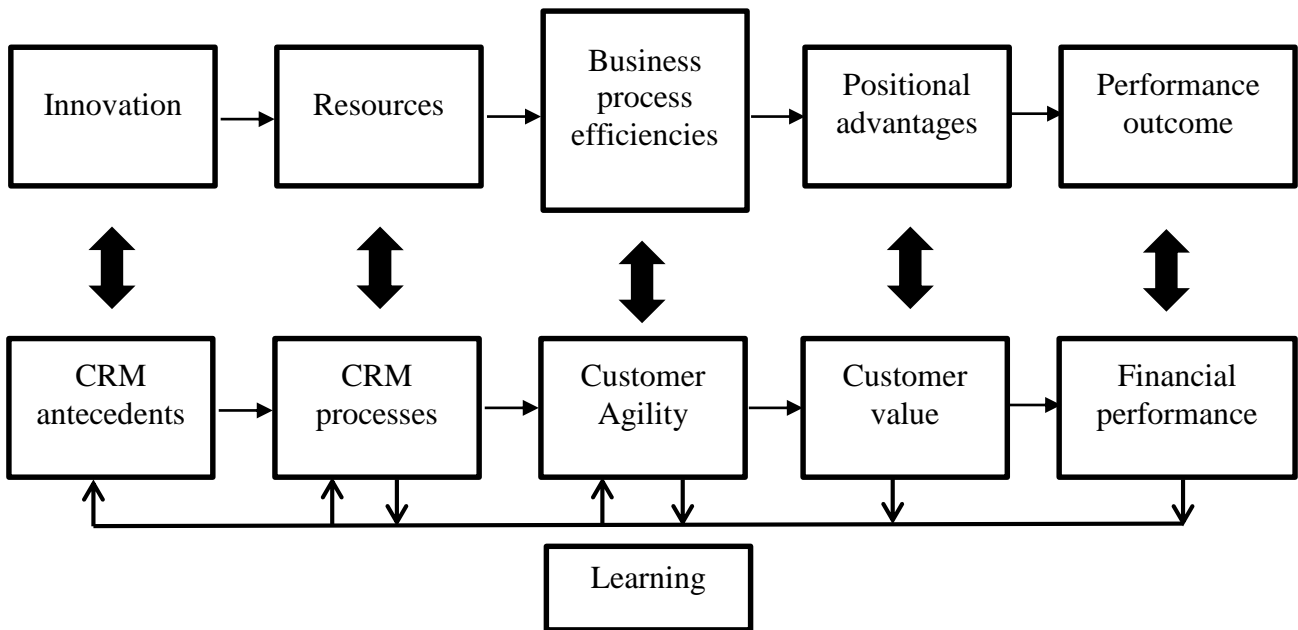


Figure 1.10: Unifying framework of sources of performance differentials and decomposition of CRM implementation framework. Source: Own Research

1.3 Learning and innovation processes - CRM antecedents

1.3.1 Multi-dimensional approach to CRM implementation

As mentioned earlier, different authors have different views about CRM (Chang, Park and Chaiy, 2010; Sivaraks, Krairit & Tang, 2011; Coltman, Devinney & Midgley, 2011; Becker, Greve & Albers, 2009). However, as the literatures about CRM continue to emerge over the years, the convergences in CRM components among researchers start to appear in the theories. According to literature reviews, there is consensus among researchers that CRM is a multi-dimensional construct and the successful CRM implementation should consider all four key areas: (1) strategy, (2) people, (3) processes and (4) technology (Fox & Stead, 2001; Abdul, Basri & Shaharuddin, 2013; Elmuti, Jia & Gray, 2009; Coltman, Devinney & Midgley, 2011). First, strategy area concerns about how a firm aligns their business strategy, objectives, organizational structures or organizational remuneration policies with the new way of doing things when implementing CRM program. Second, people area concerns about creating the culture which supports for managing and fostering changes within the organization. Third, processes area concerns about how efficient and effective a firm designs and combine their business processes to deliver the value propositions which are promised by new CRM implementation to the key stakeholders. Finally, technology area concerns about the information and communication technology infrastructure within a firm. An advanced technology infrastructure is where CRM program can work the best. However,

the current common approach which equalizes the CRM program with the CRM software is actually misleading a lot of firms when attempting to improve customer experience through CRM program. More importantly, the multi-dimensional approach to CRM implementation emphasized the “affordances” between these four areas (Finnegan & Currie, 2010). In other words, the most challenging task that organizations face today is about the integration of their fragmented business unit and competences across the enterprises. It is necessary for firms to achieve the coherence between different parts within their organization to be successful in transforming firms continually and deliberately in the current hyper changing business environment (Mendoza, Pérez & Grimán, 2006). Figure 1.11 presented how a firm designed their CRM implementation by integrating the four areas together.

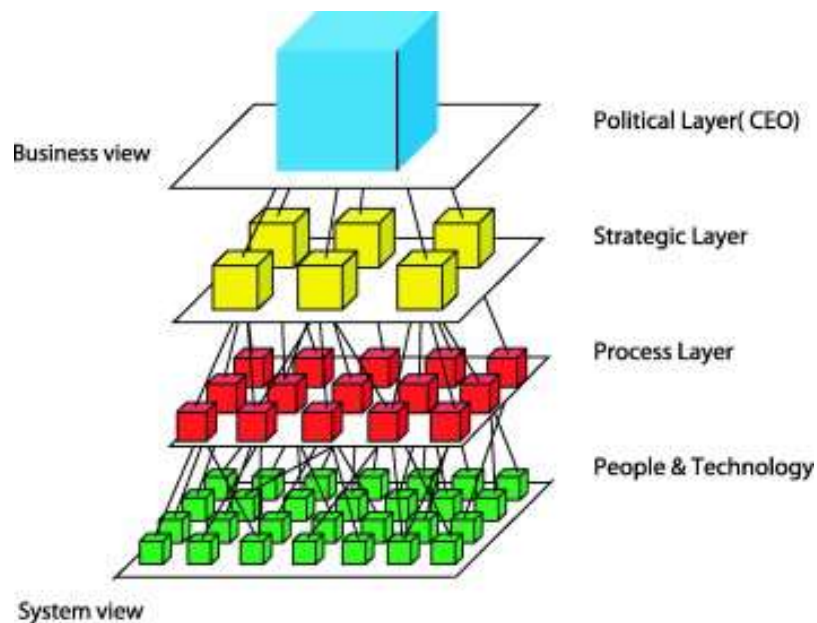


Figure 1.11: Multi-dimension CRM implementation with process driven. Source: Finnegan and Currie (2010)

This comprehensive approach is also compatible with the ideas from the unifying framework of performance differentials that multiple processes and elements within a firm should work together. Beside the CRM processes layers itself, the other layers which are people, other supportive processes, technology and strategy should be the prerequisite for the CRM implementation. It means that the four layers will lay out the background which based on that CRM processes can be leveraged up. Thus, following the multi-dimensional approach and the unifying framework of performance differentials, this dissertation posited that the four mentioned layers are the CRM processes antecedents. Then these key areas are translated and operationalized into three different CRM antecedents which are strategic CRM organization (i.e., strategy and people

layers), technology-based CRM (i.e., technology layer) and knowledge management (i.e., the supportive processes layer) (Yim, Anderson & Swaminathan, 2004; Sin, Tse, & Yim, 2005). These CRM antecedents are also characterized by their learning and innovation-support natures playing the role of “Innovation” processes in the unifying framework of performance differentials. This is why these processes should be the first elements to be studied and made right in any CRM implementation and program for creating competitive advantages. In the next parts, these three CRM antecedents were examined closely for more insights on how to design each layer for the new comprehensive CRM implementation framework.

1.3.2 Strategic CRM organization

The strategic CRM organization concerns about the fundamental changes in organization’s goal and objective, people’s mind set and also the conductions of business processes (Ryals & Knox, 2001; Hoffman & Kashmeri, 2000). On top of all, the first step in CRM implementation should start from the alignment between the business strategy and customer strategy. The key idea by Olson, Slater, and Hult (2005) suggested that each business strategy (i.e. low-cost defender or differentiated defender) will have their own marketing organization's structural characteristics (i.e., formalization, centralization, and specialization) and strategic behavioral focus (i.e., customers, competitors, innovation) which are fit together. This strategic fit among these three factors as presented in Figure 1.12 will unlock the combinative powers from all the parts across the enterprises by focusing all the resources into just a few core competences and avoiding wastes efforts and resources. This together will reduce cost-to-value delivered to customers and boosting firms’ economic returns eventually and sustainably. Notably, Olson, Slater, and Hult (2005) confirmed that the highest-performing firms which follow the differentiated and prospective strategy primarily focus on decentralized systems of authorities and also focus on customer-orientation in their marketing strategy as well.

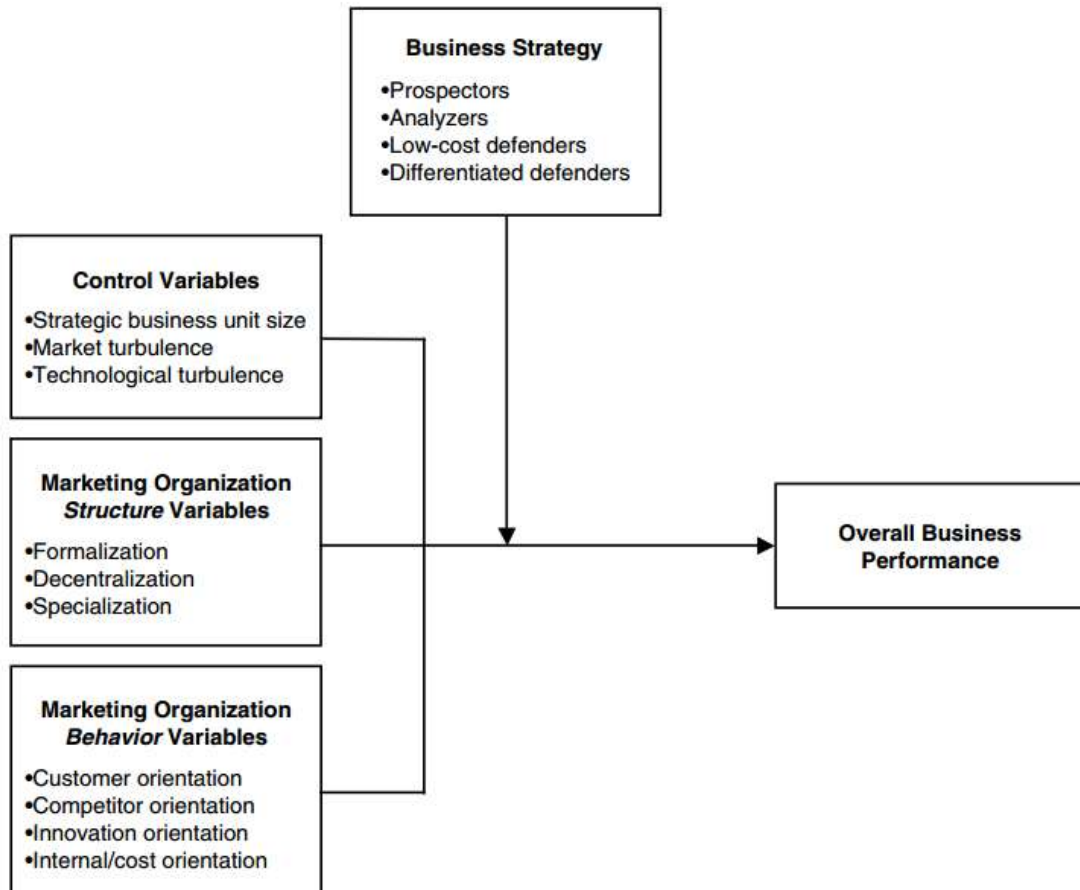


Figure 1.12: Strategic fit among business strategy, strategic behaviors and marketing organizational structures. Source: Olson, Slater, and Hult (2005)

Another key activity to consider is about the organization structures. CRM requires the inter-functional integration in organization structure to move all employees together toward the common goal of building profitable and sustainable customer relationships (Payne & Frow, 2005). Thus, it is essential to establish the customer-focus teams, cross-discipline and cross-functional teams (Sheth & Sisodia, 2002). Following the comprehensive organizational structure, there also must be the changes in the organizational-wide resources allocation for new customer-oriented goals and objectives. In particular, human resources in sales, marketing, technical expertise and other physical resources such as capital, assets should concentrate their efforts on improving customer services and innovation of products to serve customers better and more profitably (Sin, Tse, & Yim, 2005). Especially, the human resources play the most vital roles in CRM success. Particularly, in any successful CRM implementation, the strong commitment and support of top manager is the most essential (Finnegan & Currie, 2010).

In general, the Strategic CRM organization processes in this dissertation consist of following factors:

- The fits between business strategy and customer strategy (i.e. marketing strategy). Especially, the business strategy is fit with the customer orientation of the CRM implementation.
- The customer orientation in formulating business processes.
- The organizational structures which include the cross-functional and cross-disciplines teams for building customer relationship with customers.
- The commitment and support of top managers in CRM implementation (i.e. the reward policies which support the customer orientation, the role of top managers as the CRM champions)
- All the above factors interact with each other to form the cooperate cultures in which employees understand clearly their roles in the whole system of CRM implementation and the successes of their firms.

1.3.3 Knowledge management (KM)

In the context of business, knowledge is a firm's valuable asset that needs to be managed and developed overtime (Kakabadse, Kakabadse & Kouzmin, 2003). As the KM literature evolved overtime, different authors have defined knowledge differently. Following are some notable knowledge definitions:

- Drucker (1989): Knowledge is processed information which impacts somebody or some phenomena by either providing the backgrounds for action, or by upgrading the current capabilities of somebody or some institutions.
- Nonaka (1994): Knowledge is justified belief which improves an institution's capabilities to act more effectively.
- Sveiby (1997): Knowledge is an asset which enables the capacity to act.
- Pillania (2004, 2005, 2008): Knowledge is the broad concepts representing the whole set of intuitions, reasoning, insights and experience that lead a firms to have effective action.

Knowledge management literature also distinguished two types of knowledge in the organization: Tacit knowledge and explicit knowledge (Alavi & Leidner, 1999, 2001). Tacit knowledge consists of knowledge which is difficult to explain and codify into storable and transferable means of communications such as reports, books or instruction videos. Alternatively, the tacit knowledge is usually stored in mind of knowers in term of knowhow or experiences (Nonaka, 1994). The only way to transfer tacit knowledge is to create the environment where the knowers and the one want to know can interact with each other in the real context. On the other hand, explicit knowledge can be explained and

codified easily into storable form such as technical manuals or financial statement analysis reports. This separation of types of knowledge can help manager to be informed about the best way to capture and transfer the targeted knowledge which is essential to the firms.

Knowledge management play extremely important role in the antecedents of CRM program but it is usually overlooked by managers in practice. This was especially true in SMEs where managers don't have enough attention to build the official system of knowledge management. Learning organization skill is the prerequisite for any firm to survive in the current fast-paced changing environment which usually referred as knowledge-based economy (Garrido-Moreno & Padilla-Meléndez, 2011). The learning capability is also the sources of firm performance differentials in some firm theories such as the Schumpeter view in organization economics theory or the competence based view in strategic management theory. Interestingly, innovation capability enabled by learning is assumed to explain the valuable resources which drive the competitive advantage for any firm (Stoelhorst & Van Raaij, 2004). Therefore, having the learning organization culture and processes, a firm can able to affect, change, and reconfigure resources proactively. As a result, managers are more powerful and have more room to act and affect firm performance with a well-designed knowledge management system embedded in firm business processes such as CRM. CRM is the combination of relationship marketing theory and the ability to act on accurate customer knowledge and market knowledge about business environment and competitors (Garrido-Moreno & Padilla-Meléndez, 2011; Cohen and Olsen, 2015). The most important role of knowledge management in CRM is to develop the "learning relationship" with customer (Zahay and Griffin, 2004) so that firm can be able to develop the 360-degree customer view. In addition, the knowledge sharing in knowledge management is the condition for boosting the organizational-wide learning cultures and it is the real mechanism which can translate the knowledge into real benefit (Shulz, 2001; Salmador & Bueno, 2007).

In general, this dissertation posited that the KM practices in SMEs should include three major components as presented in Figure 1.13 as following:

- **Containers:** this component focuses on the way how to collect, store and share KM to people who need. Information system, knowledge stock and the intranet platform are the examples. This is mainly served for the management and sharing of explicit knowledge across the enterprises.
- **Communities:** this is the second generation of KM in which the target is to create an environment where people constantly interact with each other

directly or indirectly for transferring know-how or experiences as the form of tacit knowledge. Concerning the dominance of the tacit knowledge in SMEs, the communities should receive the attention from managers when creating their KM system.

- **Content:** this is third stage of KM. This emphasized and brought to the awareness of the importance of content. In other words, the questions should be addressed are: how do both explicit and tacit knowledge to be described and organized so that intended users are aware it exists, and can easily access and apply this content?

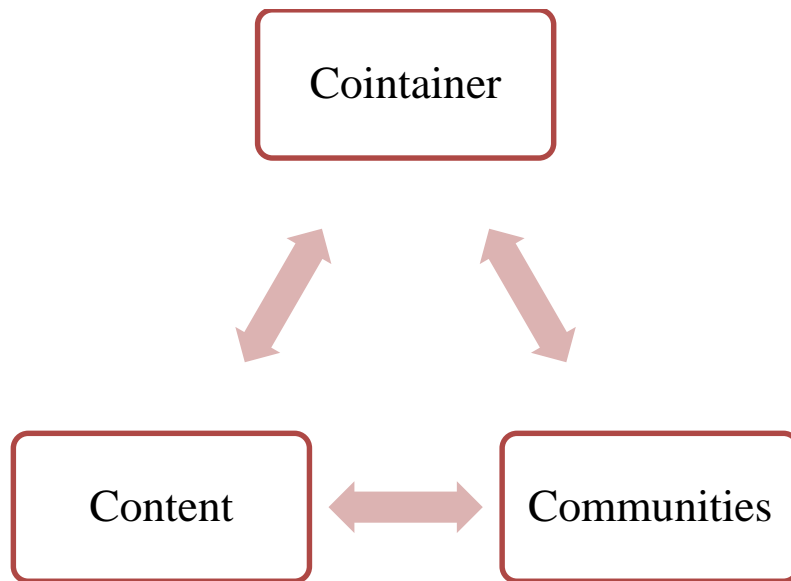


Figure 1.13: Three major components of Knowledge Management. Source: Dalkir and Beaulieu (2017)

1.3.4 Technology infrastructure

One of the most recognized and most accepted definition of CRM which are from Payne and Frow (2005) mentioned that: “CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them”. This definition also refers to the two most important tasks of technology in CRM implementation. First, technology help firm to collect and store data and information from customers in an unprecedented scale and in much more new channels such as through internet or social network. Second, technology also can help firm in the analysis of the data collected to support and inform the decision making with more relevant insights form customers and market. This capability enables firms to achieve the

effective customized communications, and efficiently deliver personalized value offerings to individual customers (Vrechopoulos, 2004). In addition, new communication technologies, especially the internet and mobile devices have dramatically changed the way how a firm communicate and do business with customers (Bharadwaj, 2000). According to the roles and the extent of technology applied in the CRM, some authors have classified CRM into 3 types of systems namely operational CRM systems, analytical CRM systems and collaborative CRM systems (Gebert, Geib, Kolbe & Brenner, 2003).

In SMEs context, the question of how the firms carry out the technology aspects in the CRM implementation has not attracted so many researchers. Few researchers has conducted the research and found that the implementation of information and communication technologies (ICT) in SMEs can be the success drivers (Dibrell, Davis, & Craig, 2008; Harrigan, Ramsey, & Ibbotson, 2008; Schoder & Madeja, 2004). According to these authors, SMEs utilized ICT for improving their marketing practices with the new customer orientation in their CRM implementation. SMEs also tend to leverage their current technology infrastructure such as email or spreadsheet software instead of buying specialized CRM software (Schoder & Madeja, 2004; Harrigan, Ramsey, & Ibbotson, 2011). In this view, SMEs usually use technologies in CRM program for two main purposes: (1) customer communication and (2) customer information management (Harrigan, Ramsey, & Ibbotson, 2011).

However, the implementation of technology, especially the internet-based technology such as email marketing or mobile marketing, also had encountered plenty of challenges. Specifically, in SMEs, face-to-face contact is seen as particularly essential at the establishment stage of relationships (Ritchie & Brindley, 2005). Thus, managers concern that the implementation of new communication technologies such as email and website can poorly influence the closeness of the relationship with customers in SMEs. In fact, several authors found that lack of direct interactions with customers can create the trust issues if SMEs abuse the use of new communication technologies (McGowan, Durkin, Allen, Dougan, & Nixon, 2001; O'Toole, 2003). This issue happens when the technologies in CRM is used for short-term projects and the firms lack of other CRM antecedents such as strategic CRM organization or the Knowledge management as mentioned above (Piercy, 2009; Quader, 2007). Therefore, ICT should be considered as the complementary elements to other CRM antecedents.

As a conclusion, some researchers have suggested that strategic CRM organization, knowledge management and technology infrastructure are not the intrinsic components of CRM program but instead they are the external factors which moderates the effectiveness of CRM implementation (Ernst, Hoyer,

Krafft, & Krieger, 2011; Reinartz, Krafft, & Hoyer, 2004). However, in this paper, we approach the CRM with more holistic view. Therefore, these 3 behavioral components of CRM are argued to be the antecedents which are prerequisite to have before implementing CRM specific activities. In the next sections, the others elements in the theoretical framework for CRM implementation will be reviewed.

1.4 CRM processes as main resources of performance differentials

In this section, the main resources in the unifying framework of sources of performance differentials which are simultaneously defined as specific CRM processes in the comprehensive CRM implementation framework (see Figure 1.10) are articulated and reviewed. First, CRM origin is explored to provide the ground for the specific CRM processes in the next part.

1.4.1 CRM origin and development

As firms need to operate and survive in the new business environment characterized with hyper changing pace and disruptive innovations, customers in the new age also more diverse in their choices and preferences. Especially, in the digital age of the economy, customers have more purchasing and bargaining powers than ever. As a result, the focuses of today firms are not about how efficient and effectiveness they convert inputs into final outputs only but also and more importantly about understanding customers to know exactly what products/services to deliver (Dyche, 2002). Moreover, according to the popular norm in the market, as the costs to acquire a new customer are about six times higher than the costs for serving a loyalty customer, firms whose objective is to be sustainably profitable always try to keep the customer lifetime cycle with the firms as long as possible. Therefore, marketing management have evolved over time from mass marketing to market segmentation and finally to relationship marketing at the present (Dyche, 2002). Relationship marketing is also the fundamental concepts from which CRM is developed. The evolutions of marketing management and their characteristics were summarized in the Figure 1. 14.

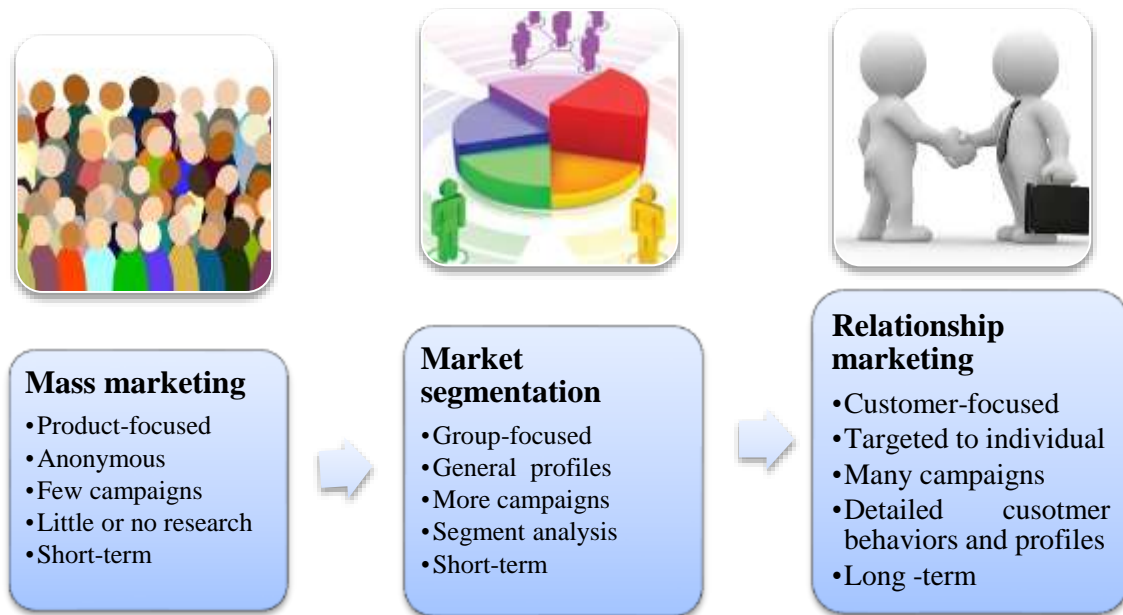


Figure 1.14: The evolution of marketing management. Source: Dyche (2002)

Relationship marketing refers to marketing which utilize interactions within networks of relationships (Gummesson, 2004). According to Coviello and colleagues, there are four types of marketing (Coviello, Brodie, & Munro, 1997). The first is transaction marketing which does not involve any relational content. In contrast, the rest have a relational content: “database marketing (information exchange with the help of IT); interaction marketing (face-to-face or ear-to-ear interaction); and network marketing, as essentially (but not solely) a B2B phenomenon where networks of relationships are built with a large number of stakeholders” (Coviello, Brodie, & Munro, 1997). The concept of establishing relationships which contain more content than just the plain buyer-seller one are rooted from the business to business (B2B) sectors in which each supplier and customer relationship are the primary one and need to be treated on individual basic. This will enhance the ability of firm for understanding and sensing customer or supplier needs to flexibly adapt to the market environment. The market orientation approach and successful relationship marketing effort can improve customer loyalty and then firm economic performance through “stronger relational bonds” with other stakeholders (Palmatier, Dant, Grewal, & Evans, 2006). The successful stories about relationship marketing in B2B sectors attracts researchers and practitioners searching for methods to transfer relationship marketing to business to consumer (B2C) sectors. The similar in characteristics and operational way for doing business make all the basic assumptions for relationship marketing in B2B sectors can apply to B2C one. Even though there are differences in stakeholders but it can be arguably said that companies are a blend of B2B and B2C (Gummesson, 2004). For example, if we

consider the supply chain for a B2C food producer, there can be several B2B stages including raw material purchasing, manufacturing, wholesaling, and retailing. The retailing stage is the only state in the supply chain which a firm has to deal with the retail customer. Even households have organizational purchase features of that it is often not the same person who orders, buys, pays and consumes the food. Thus, we can arguably say that the relationship marketing and one to one marketing steps although primarily based on B2C experience are clearly related to B2B as well. With the advanced of technology in information and communication in, relationship marketing in B2C have been becoming more viable when B2C firm now can treat each customer on the individual basic. Marketing scholar also turn their focus on the core capabilities of firm to initiate and establish long-term customer relationship. Hence, customer relationship management (CRM) emerged as one of the top business term in the late 1990s and early of 2000s. CRM technology has evolved through three different phases from the beginning back to 1980s (Xu, Yen, Lin, & Chou, 2002). The first period was from 1980s to early 1990s. At that time, CRM applications paid attention to automate and standardize the internal processes to make customers an asset. The second period was from mid-1990 to end 1990 at which the CRM applications started to move to the web-based application with the rapid spread of Internet. The on-site client/server architecture or CRM applications which were quite expensive to invest would disappear as the result of the emerging web-based technology. The third period was from 2000 till now which provide the new concept for CRM technology as "E-CRM". While there are similarities between B2B and B2C, there are also differences: "When a CRM strategy is 100 per cent implemented, the individual will be in focus in both cases... [but the] hardware and software will vary greatly depending on the size of the market,... the number of customers, the amount of customer information, and the availability of this information.." (Andersen, Andreasen, Jacobsen, 1999).

1.4.2 CRM processes

Although definition and benefit of CRM among researchers has been convergent over the year toward one consensus concept, the specific CRM processes in implementation has still been varied widely over different researches. We can extract from the literatures, three distinct approaches about designing CRM processes. First, some researchers define CRM processes as mainly the application of the new technology in managing customer relationship (Chang, Park & Chaiy, 2010; Sivaraks, Krairit & Tang, 2011). Especially, there are rising interests in the e-CRM which use the Internet as the platform for the delivery of CRM function on the web (Feinberg & Kadam, 2002; Harrigan, Ramsey & Ibbotson, 2012). The emerging trend of using internet as the main channel for

communicating with sellers from customers leads to the attention on using e-CRM. Most of the retailers have website or social network pages which provide some function of CRM such as site customization, local search engine, membership login, chat, etc. (Feinberg and Kadam 2002). Second, some researchers define CRM processes as the strategic management system (Payne and Frow 2005; Ernst, Hoyer, Krafft & Krieger, 2011). In this approach, the main tasks are to define which is the key customers or customers segments and allocate the appropriate level of resources to these customers (Ryals, 2005). Another main area in this approach is about customer information management and exploitation. The advancement of technologies are employed to conduct the analytical tasks such as data warehouse and data mining to support the management decisions with customer behavior patterns (Elmuti, Jia & Gray, 2009; Ernst, Hoyer, Krafft & Krieger, 2011; Minami & Dawson, 2008). Finally, the third approach about CRM processes emphasizes the context-dependent characteristics of any CRM implementation program and also consists of other two previous approaches (Reinartz, Krafft & Hoyer, 2004; Kim & Kim, 2009; Reimann, Schilke & Thomas, 2010). According to this approach, the first tasks is to decide the level at which CRM is implemented in an organization to choose the appropriate approach (Reinartz, Krafft & Hoyer, 2004). There are three levels which CRM processes should be designed: (1) functional, (2) customer facing, and (3) companywide. The first level of CRM processes is the functional approach in which the main responsibilities are on the side of IT department like in the first approach. The second one focuses on customer facing level and the cross-functional approach. And the last approach takes the application of CRM on companywide level which makes CRM as the organizational orientation rather than the specific business processes like in second approach. In this dissertation, the third approach and the second level in this approach were chosen to design the CRM processes in the comprehensive framework for CRM implementation. The first level is too narrow when considering CRM as the resources in the comprehensive framework. On the other side, the third approach is too wide and rather overlaps with CRM antecedents/determinants. The second level, however, concentrates on specifics tasks of CRM on customer relationship and avoids the overlaps issue. In this level, CRM processes concentrate on the relationships between firm and customer over the customer life cycle which includes: customer initiation, customer maintenance and customer termination. Figure 1.15 summary the three approaches for designing CRM processes on the CRM continuum with the level of abstraction increasing gradually from left to right on the continuum.

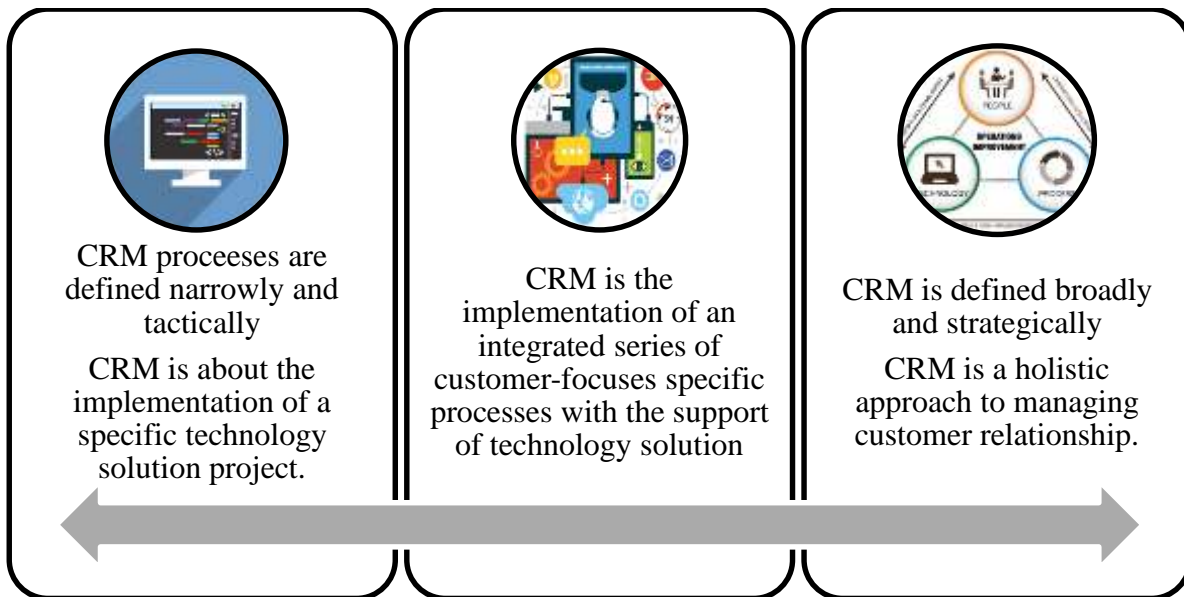


Figure 1.15: Three CRM processes approaches on the CRM continuum. Source: Payne and Frow (2005).

1.4.3 CRM in SMEs

SMEs encounter distinctive opportunities and threats than large corporations. The specific inadequacy of SMEs can be defined as lack of resources, competences, and impact (Carson, Cromie, McGowan & Hill, 1995). In general, it can suffer from the strategic customer-related problems such as not having the cross-functional teams for customer orientation implementation. It can also suffer from the tactical problems like not having sufficient knowledge management system (Doole, Grimes, & Demack, 2006; O'Dwyer, Gilmore, & Carson, 2009). Another deficiency of SMEs is about their limited financial resources which can easily suppress their growth. SMEs constantly find it difficult to access appropriate source of funding (Deakins & Freel, 2003). Moreover, SMEs have lower technical expertise (i.e. financial analysis, product development, customer service), poorer management (i.e. information and data management, resources planning) and marketing skills than those of larger corporations (Doole, Grimes, & Demack, 2006; Zhang, Sarker, & McCullough, 2008). Specifically, marketing function is not the main focus and developed in SMEs as in large companies. On the other hand, being small can also bring some advantages to SMEs. The first advantage is the loyalty of employees which mitigate the lack of knowledge management system in SMEs. Second, SMEs also enjoy the natural closeness of their customer relationship which supports the CRM implementation (Hills, Hultman & Miles, 2008). Finally, by being small, SMEs can move very quickly and be very flexible to the changes in the market (Kocak & Abimbola, 2009; O'Dwyer, Gilmore, & Carson, 2009).

With these strengths and weakness, SMEs have tendency of carrying out CRM through personal networking, especially the personal relationship of top managers (Ritchie & Brindley, 2005). In particular, one of the most important strengths of SMEs is draw from their close relationship with customers, where they can easily manage and adapt to match with customer changes (Harrigan, Ramsey, & Ibbotson, 2011). Therefore, the direct interaction or face-to-face relationships with customers are really essential in the success of SMEs. In other words, SMEs devoted most of their resources for CRM program by using traditional CRM activities such as direct visits to customers at special events, regularly contacting by salesman or promotion and loyalty program.

Some SMEs don't even know that they are practicing the CRM activities but instead refer them as the daily tasks of some special personnel in the organization to bring customers to the firms and keep them as long as possible. Even though the tasks are very essential, very few SMEs use advanced technologies or design the official business processes to support these works. SMEs only utilize their current technology infrastructure such as email or spreadsheet software instead of buying specialized CRM software (Schoder & Madeja, 2004; Harrigan, Ramsey, & Ibbotson, 2011). It is understandable by the current complex CRM software in the market did not capture the needs of the SMEs which are usually very unique and firm's specific. Another reason that SMEs have not committed their main resources to CRM efforts is about the very low rate of success and mixed results of CRM implementation which are currently happening in the market (Cooper, Upton, & Seaman, 2005). As a result, SMEs also don't usually carry out formal CRM as described in theory or as in large corporations. However, recently some SMEs started to apply more sophisticated CRM software as a solution for solving some specific problems. SMEs usually use technologies in CRM program for two main purposes: customer communication and customer information management (Harrigan, Ramsey, & Ibbotson, 2011). As SMEs have very specific characteristics and limited resources which are different from large organizations as mentioned above, the driving factors for the success of CRM implementation in SMEs doesn't come from the strong resources but the "affordance" between the components of SMEs (Finnegan & Currie, 2010) as presented in Figure 1.16. In other words, the way of combining of the CRM components in SMEs are much more important than sharpening each component for mitigating the weaknesses and taking the advantages inherited in the nature of SMEs.

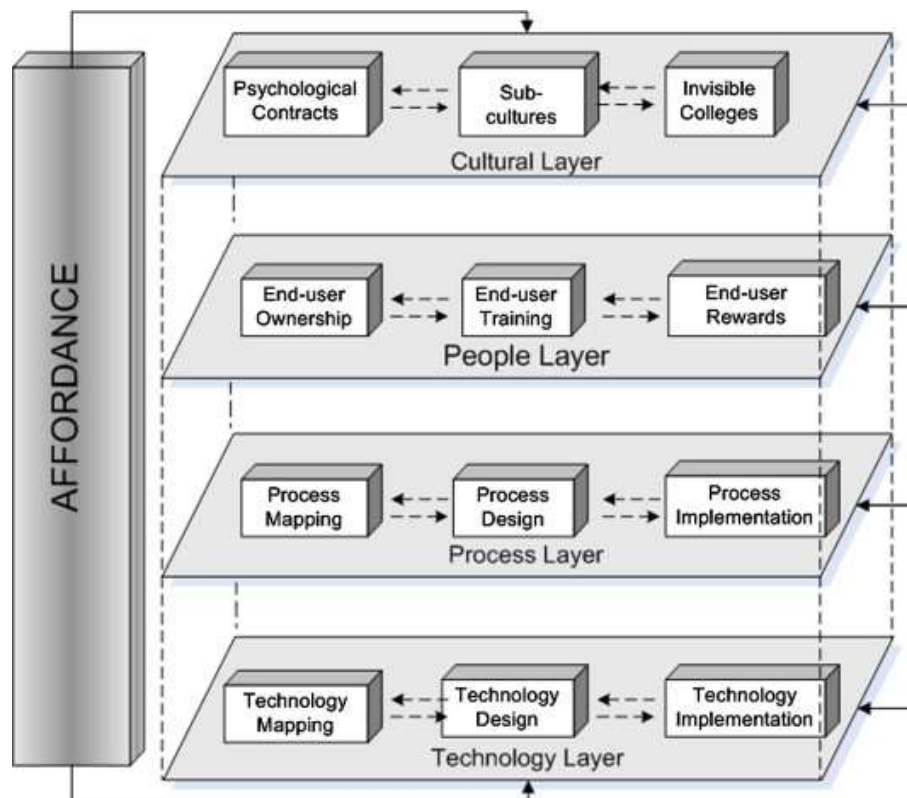


Figure 1.16: Affordance concept between CRM components in SMEs. Source: Finnegan and Currie (2010)

In general, moving into more formal CRM implementation is a must for even small and medium firms. Therefore, taking into account the lessons from the past researchers about CRM and the uniqueness of SMEs as well, this dissertation aims to provide the sufficient and suitable CRM implementation framework for them, especially for the dynamic business environment. For achieving this objective, the next section reviewed and explored the change-mechanism which can be embedded into CRM program for dealing with constant and fast-pace changes in the market.

1.5 Business process efficiencies - Customer Agility processes – Change-mechanism in CRM implementation framework

This section contributed to the literature review by discussing the change management in CRM implementation framework. This component has emerged as one of the new and prevalent approaches for managing the CRM program, especially in dynamic business environment.

1.5.1 Overview of change management

Change management is defined as “the process of continually renewing an organization’s direction, structure, and capabilities to serve the ever-changing

needs of external and internal customers” (Moran & Brightman, 2001). It is an intrinsic feature of organizational life regarding both operational and strategic level (Burnes, 2004). Consequently, organizational change management cannot be ignored from the strategic business formulation. However, it was reported that the rate of failure of change program has been very high (Balogun & Hailey, 2008). One of the reasons is that change often is unpredictable then it tends to be reactive, ad hoc and usually triggered very late after the organization had been in serious crisis (De Wit & Meyer, 2005; Luecke, 2003). The lack of valid framework for implementing and managing change which are available to the practitioners has also severe this issue (Todnem, 2005).

It is intuitive and conventional that a firm needs to be stable and business processes need to become routines so that it can operate effectively (Rieley & Clarkson, 2001). However, in the business environment characterized as constantly changing, change management needs to become one of the key business routines of any organizations and need to be run smoothly on daily basic (Burnes, 2004). And one of the most important tasks of change management is to define the types of change in terms of rate of occurrence which your firms can encounter. In general, there are two main types of changes: the discontinuous change and the incremental change (Grundy, 1993; Senior & Fleming, 2006; Burnes, 2004). Grundy (1993) and Luecke (2003) defined discontinuous change as onetime events which happen rapidly and make major “shifts in strategy, structure or culture or in all three”. It is usually followed by long periods of consolidation for the new changes to cast full effects on every aspect of the organizations. On the other hands, Burnes (2004) defined incremental change as the series of gradual changes resulting from the process of solving problems of individual parts of an organization with one problem and one objective at a time but over a long period of time. Grundy (1993) also divided the incremental change into two sub-types: smooth and bumpy types. Smooth incremental change is defined as changes that happen slowly in predictable way and at a constant rate. Bumpy incremental change is characterized by the period of relative peacefulness happen between the periods of change.

Another aspect of change managements refers to the way how the changes can come to the awareness of the organizations. The two main ways dominant in change management literature are planned change and emergent change (Bamford and Forrester, 2003). For applying the planned change approach, Lewin (1946 in Todnem, 2005) posited that the previous behavior has to be discarded for the new behavior can be successfully adopted. According to Bamford & Forrester (2003), this planned model of change needs to go through three major steps: (1) unfreezing the current state; (2) moving to the new state;

and (3) refreezing or consolidate this new state. Although the planned change approach is established for a long time and was considered as high effectiveness approach, it also has some weaknesses. First, the approach emphasizes the small-scale and incremental changes so that it is unsuitable for rapid and disruptive changes (Burnes, 2004). Second, the planned approach ignore the impacts from external environment when its assumption only focus on the internal factors and that changes in organization can move as pre-planned manners from one states to another states (Bamford and Forrester, 2003). Finally, the planned change is a top-down approach which likely to encounters the obstacles of organizational politics and conflicts (Burnes, 2004).

Alternatively, emergent change takes the bottom up approach when identifying and instructing changes within organizations (Bamford and Forrester, 2003). The emergent approach assumes that changes are constantly happen and managers cannot effectively identify, plan and implement the necessary changes in time. In order to cope with the complexity and uncertainty of the environment this approach suggests that organizations need implementing the open learning systems (Burnes, 1996). According to Burnes (1996), the approach depends on the “extensive and in-depth understanding of strategy, structure, systems, people, style and culture, and how these can function either as sources of inertia that can block change, or alternatively, as levers to encourage an effective change process”. As a result, the success of changing management is not mainly about the detailed plans for changing but instead mainly depends on the change readiness and facilitators of changes within the organization (Jaros, 2010).

In general, change management has increasing their role as one of the essential strategic business processes, especially in the today dynamic and unpredictable business environment. The common and valid framework for change management has not been reached in academic and practices. As a result, it is the urgent need for mangers to define the types of change which they mainly deal with and choose their type of change approach for dealing with them.

1.5.2 Customer Agility as a change management approach

As proposed by the unifying framework of sources of performance differentials mentioned as the background for the new comprehensive CRM implementation framework, the business process efficiencies element play a mediating role between the firm’s core resources and competences and the firm’s value to customers and shareholders (see Figure 1.10). Put differently, they are the mechanisms that transfer the firm’s inputs and resources into specifics outputs (products or services) which then deliver the promised value propositions to customers. It is the sources of abnormal returns suggested by Chicago school. However, this element is also the gap in most of the theories explaining

competitive advantage when most of them did not focus on and skip the specific business processes step in explaining the performance differentials (Stoelhorst & Raaij, 2004). In this dissertation, it is posited that this stage of creating performance differentials is also where the change-mechanism can be embedded into the new comprehensive CRM implementation framework. More specifically, Customer Agility concept was suggested to be the approach for managing changes in the new CRM implementation framework.

Agility was initially a concept emerged from manufacturing scholars and practices. Initially, it was thought that manufacturing flexibility can be achieved by implementing the automation system or more innovative manufacturing system such as lean manufacturing (i.e. reducing setup times and costs). Then it is expected that the new lean manufacturing system will lead to the greater responsiveness of firms to changes in the market regarding product mix and volume (Christopher, 2000). However, it was soon realized that this route to manufacturing flexibility can lead to the paradox where a firm can be very effective in their manufacturing systems, yet inventory of finished products can be as high as 2 month of sales, but customers still have to wait for extended long time to get the exact products they want. Therefore, lean manufacturing can be the element of agility in manufacturing but it cannot enable firm to meet the precise need of customer in the real time. Figure 1.17 presented the differences between Agility in manufacturing and Lean in manufacturing in different business environment. Therefore, it was a thought that the route to manufacturing flexibility is actually a function of rapid change capabilities to respond to the shifts in market demand in terms of both amounts and preferences (Christopher, 2000). It is becoming the main issue in the new manufacturing area that manufacturing system need to have the ability to cope with unexpected changes by mitigating the threats and seizing the opportunities from the hyper-dynamic business environment (Sharifi & Zhang, 1999).

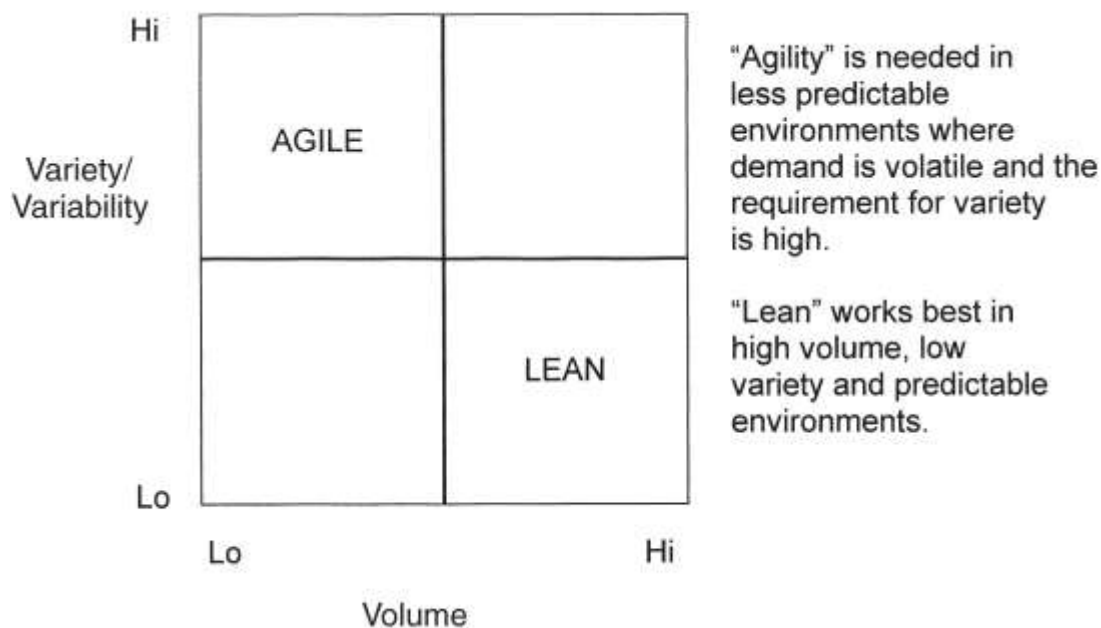


Figure 1.17: Agile manufacturing and lean manufacturing in different business environment. Source: Christopher (2000)

Then the agile manufacturing concept was developed and extended into more business contexts such as information technology, services industry. Moreover, it is also considered as an organizational orientation for strategic business formulation not just the specific concepts to solve the specific problems (Tallon & Pinsonneault, 2011; Lu & Ramamurthy, 2011). As a result, Customer Agility concept is developed by adopting the Agility concept in manufacturing management. It is defined as the organizational capability which enables firms to sense and respond to “customer-based opportunities for innovation and competitive action” (Roberts & Grover, 2012 b). Following this definition, Customer Agility first needs to be embedded in set of organizational routines and processes. Second, it consists of two dimensions which are “sensing capability” and “responding capability” (Roberts & Grover, 2012 a, b). In this dissertation, we approached Customer Agility as the organizational orientation which is necessary for transferring the effects of CRM processes into actions and activities. In this approach, we adopted the approach Customer Agility in previous research and extended (Roberts & Grover, 2012 a, b) by arguing that Customer Agility as a change management approach need to compromise both change- related strategic capabilities and ordinary capabilities to really achieve the ability to rapidly respond to hyper-changing customer preferences. In particular, the popular convention about Customer Agility’s dimensions is extended and specified as presented in Figure 1.18. The sensing capabilities should not only serve as the search function but need to be upgraded into the

capabilities to make firms ready for any changes in the market – the dynamic capabilities. In addition, the responding capability is linked with the two most important operating capabilities which directly related to change – the marketing capabilities and new product development capabilities. Therefore, dynamic capabilities and specific operating business processes were considered as the dimensions for Customer Agility in this dissertation.

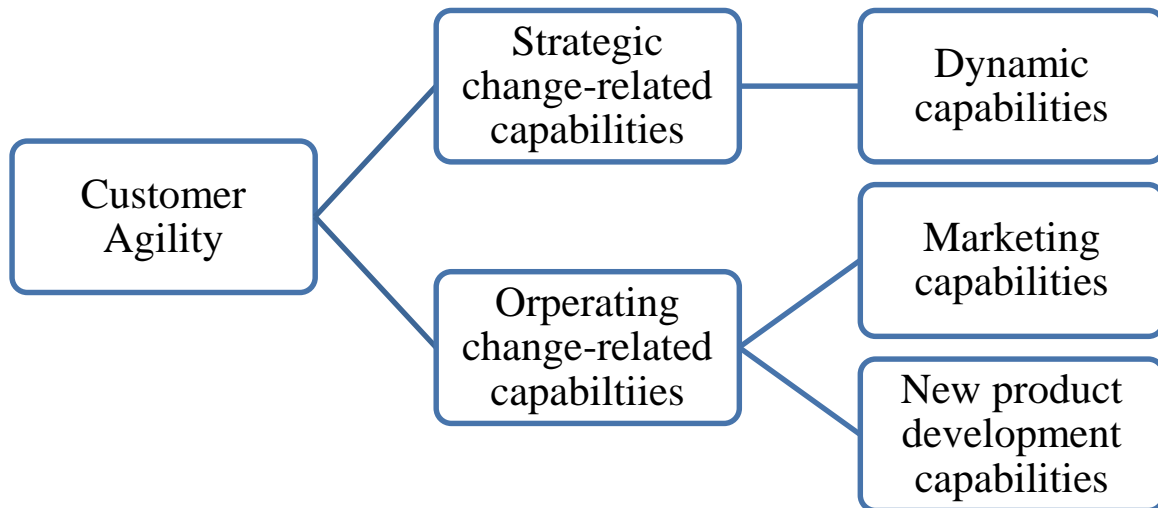


Figure 1.18: Customer Agility’s dimensions Source: Own Research

1.5.3 Dynamic capabilities (DC)

Dynamic capabilities were built on the evolutionary economics and the Schumpeterian view in organizational economics (Makkonen, Pohjola, Olkkonen & Koponen, 2014). As mentioned in the unifying framework of sources of performance differentials, the Schumpeterian view states that the source of sustainable superior return is come from the abilities to innovate and adapt with the changing environments (Schumpeter, 1943). In this view, the main tasks of managers are to seek the evolutionary fit by transforming static resources and competences into innovative products and processes (Nelson & Winter, 1982). Taking this view as the basic, Teece, Pisano and Shuen (1997) introduced the concept of “Dynamic capabilities” as the capability to “integrate, build, and reconfigure internal and external competences to address rapidly changing environment”. From now on, Dynamic capabilities research has become one of the most active fields in researches about strategic management. The literatures on Dynamic capabilities has developed in many approaches to understand Dynamic capabilities and distinguished many types of dimensions

(Bowman & Ambrosini, 2003; Helfat & Peteraf, 2009; Madsen, 2010; Teece, 2007; Zott, 2003). In general, Dynamic capabilities is defined as the higher-order capability which govern the change in lower-order, operational capability (Eisenhardt & Martin, 2000; Makkonen, Pohjola, Olkkonen & Koponen, 2014; Teece, 2007; Zott, 2003). Table 1.5 presented some notable definitions about Dynamic capabilities from the literatures:

Table 1.5 Definitions of Dynamic capabilities.

Literatures	Dynamic Capabilities definition
Eisenhardt and Martin (2000)	“The firm’s processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match or even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resources configurations as markets emerge, collide, split, evolve and die.”
Zollo and Winter (2002)	“A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness.”
Winter (2003)	“... are those that operate to extend, modify or create ordinary capabilities.”
Zahra, Sapienza, and Davidsson (2006).	“... the abilities to reconfigure a firm’s resources and routines in the manner envisioned and deemed appropriate by its principal decision-maker.”
Wang and Ahmed (2007)	“...a firm’s behavioral orientation constantly to integrate, reconfigure, renew and recreate its resources and capabilities and, most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage.”
Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece, and Winter, (2007)	“...the capacity of an organization to purposefully create, extend or modify its resource base.”

Source: own research

However, disagreements remain about core elements of the constructs of Dynamic capabilities (Ringov, 2017). There are two very distinctive approaches about the core elements of Dynamic capabilities which represent by two influential seminal papers – Teece, Pisano and Shuen (1997) and Eisenhardt and Martin (2000). Teece, Pisano and Shuen (1997) defined the core elements of Dynamic capabilities are embedded into organizational routines of an organization. On the other hand, Eisenhart and Martin (2000) reject that view and claimed that the codified, analytical organizational routines form of Dynamic capabilities can make firm not flexible enough in high –velocity environment. Therefore, Dynamic capabilities need to be “simple, experimental and unstable processes” for rapidly creating new situation specific knowledge. In this dissertation, both views are taken into account. Moreover, the approach from Ambrossini and Bowman (2009) which separate Dynamic capabilities into two different capabilities: Regenerative and Renewing was considered as the closest to both views about dynamic capabilities. According to this approach, Regenerative helps firms to invent the new practices of change and direct firms toward new forms of organizational changes which is closer to the approach of Teece, Pisano and Shuen (1997). Renewing is about achieving the new resources and competences which are necessary for identifying and exploiting new opportunities which is closer the approach of Eisenhart and Martin (2000). Table 1.6 summarized the measures which are used for operationalizing Dynamic capabilities as described above.

Table 1.6 Dimensions and operationalized measures of Dynamic Capabilities.

Dimensions	Operationalized measures	Definition
Regenerative capabilities	Reconfiguration	Relentlessly and deliberately reconfigure and integrate the existing resource base for new and innovative capabilities and competences.
	Leveraging	Utilize and employ existing resources and competences in the new situation and contexts.
	Learning	Capture and record the lessons (both failures and best practices) from the firm’s operation for improving it continuously.

Renewing capabilities	Sensing and seizing	Define the favorable position for firm in an environment and exploit new opportunities.
	Knowledge creation	Create and absorb new knowledge, and to develop new products/services or new capabilities.
	Knowledge integration	Acquire new knowledge from external sources and integrate with existing internal knowledge to create new competences enabling firms to act more effectively.

Source: Makkonen, Pohjola, Olkkonen, & Koponen (2014).

1.5.4 Operating business processes

➤ Marketing capabilities

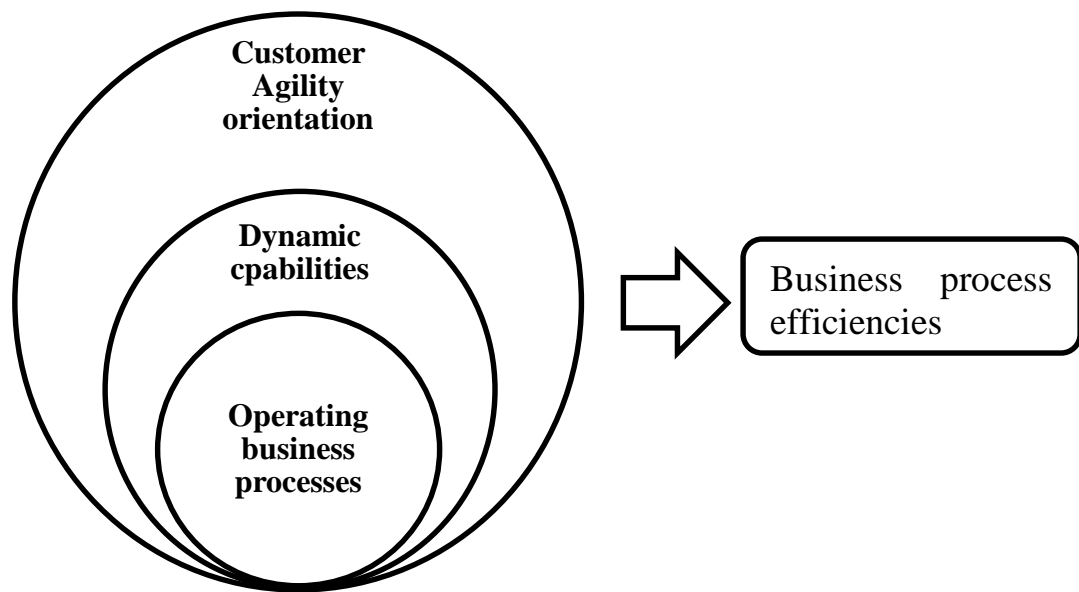
CRM is defined as the integration of relationship marketing concepts, strategic management and the new advancement in technology (Payne & Frow, 2005). Therefore, the direct results of any CRM program should be the significant improvement in marketing capability. Marketing capability can be divided into two subsets according to Vorhies and Morgan (2003). The first one is marketing specialized capability dealing mainly with accomplishing the marketing mix tasks and routines such as pricing, advertising and communicating with customers on daily basic. The second one is marketing architectural capability which aims to formulate and design the strategic marketing orientation and execution marketing strategy. Both of these two marketing approaches should be applied to achieve the efficiencies in marketing capabilities. Although the attentions on marketing are usually about how well it is performed in marketing mix tasks, the determinant of the successful marketing capability is about the planning stage where the strategies to adapt with rapidly changing environment is formulated (Slotegraaf & Dickson, 2004). Moreover, CRM processes and its determinants such as technological factors, organizational factors and knowledge management capabilities are could strongly provide the competences and resources for the successful marketing practice (Chang, Park & Chaiy, 2010).

➤ New product performance

The continuous development of new products and services is the sources for superior firm performance according to Schumpeter views in organizational economics theory (Schumpeter, 1943). In addition, the competence- based view

in strategic management theory also view innovation and learning capability are the root for developing core competencies (Prahalad and Hamel, 2006). Taking these theories as the foundation for the comprehensive framework of CRM implementation, new product performance should be explicitly the results of CRM and Dynamic capabilities process and furthermore the results of learning capability developed in the CRM antecedents/determinants factors. Specifically, CRM and Dynamic capabilities can reduce the failure rate of new products by aligning the new product development processes with new customer preferences or new change in market requirements (Ernst, 2002; Henard & Szymanski, 2001). The learning capabilities, customer orientation provided by CRM and the flexibility, adaptability provided by Dynamic capabilities can dramatically boost the success rate of new product development. In addition, many scholars posit the importance of new products performance in sustaining firm competitive advantage (Sorescu & Spanjol, 2008; Zhou, Yim, & Tse, 2005). Thus, it is proposed that new product development is the mediating variable of the CRM effects on firm performances.

As a conclusion, unifying framework of source of performance differentials suggests that the next step in CRM implementation should involve the business processes sufficiency for transferring the effects of the previous two fundamental factors in the proposed CRM implementation framework (see Figure 1.10). This dissertation suggested that the business process sufficiency is only achieved by including the change-mechanism into the ordinary business processes. With this view, the Customer Agility was employed in the new comprehensive CRM implementation framework as the change mechanism. As the orientation which is favorable to both change focus and customer focus, Customer Agility was expected to fit within the new comprehensive CRM implementation framework. Furthermore, Customer Agility orientation in this dissertation was operationalized by including both strategic-level business processes and ordinary business processes for assuring the business process efficiencies in the fast-pace and disruptive changing environment. In particular, Dynamic capabilities as the strategic and higher order capabilities will govern the evolution of operating capabilities such as marketing capabilities and new product development capabilities under the focuses of Customer Agility orientation. The interrelationships within this change mechanism can be described as presented in Figure 1.19. A firm with this change mechanism will be able to acquire new competences, configure the existing ones or integrate them together for achieving the “evolutionary fit” with the environment.



*Figure 1.19: Change mechanism in proposed CRM implementation framework.
Source: Own Research*

As suggested by the comprehensive CRM implementation framework, the expected results of the CRM program are to first achieve the promised value propositions delivered to customers. Then, in turn, the loyalty and satisfied customers will provide the sustainable income to the firms. In the next section, the results of CRM program will be measured which completed the comprehensive CRM implementation framework.

1.6 Firm's performances – CRM consequences - Performance measurement system

This section of the dissertation concerned about the way how CRM implementation program measured and managed their performances delivered to customers and shareholders. Specifically, the performance measurement system designed for measuring CRM implementation results was discussed.

1.6.1 Overview of performance measurement system (PMS) evolution

Performance measurement system (PMS) is referred as the process of “quantifying action” (Neely, Gregory & Platts, 1995). According to this definition, measurement is literally the process of organizing the specific set of measures purposely for specific quantification objectives. Then, it is considered that this quantification process, in turn, will lead to the necessary actions for delivering expected performances (Neely, 2005). The two most important

aspects of performances are considered through the two terms “effectiveness” and “efficiency” (Kotler, 1984). By “effectiveness”, performances are referred to the extent to which customer demands and needs are satisfied. While, “efficiency” refers to how economically a firm utilized their resources to produce the targeted products and services. These two fundamental measures are also considered to match with the two popular strategic concepts in strategic management which are “external fit” and “internal fit” (Teece, 2007). In particular, “effectiveness” measures refer to the concept of “external fit” where a firm look out to the external environments for finding the best combination of value propositions they should provide to customers and other stakeholders, while take into account the competitors’ activities. On the other hand, “internal fit” mentions to the best practices of organizing and utilizing firms’ resources toward common objectives predefined by the analysis of “internal fit”. Grounding on these fundamental concepts, PMS could be considered as three levels, according to Neely, Gregory and Platts (1995):

- (1) The individual performance measures: metrics used for quantifying the effectiveness and/or efficiency of an activity.
- (2) The set of performance measures: individual measures combined together in a system for specific measurement purposes.
- (3) The impacts of performance measurement system (PMS) on the environment where a firm operates within.

At the level of individual measures, the performance measurement system can be designed by asking some principal questions as following:

- What performance indicators are used?
- What are the objectives of these indicators?
- How does it cost to implement them?
- What benefits do they provide?

At the level of performance measurements as a system, some issues can be addressed when designing:

- Does the PMS include all the necessary indicators (internal, external, financial and non-financial)?
- Does the PMS cover both the long-term and short-term objectives of the firm?
- Are the indicators in PMS integrated in meaningful causal-effect relationships for explaining the business model?
- Do the indicators conflict with each other?

At the highest level, the PMS should consider some issues such as:

- Does the PMS support the business strategies?
- Does the PMS match the organizational culture?
- Is the PMS consistent with reward scheme?
- Does the PMS consider the competitors' activities?

The framework for designing PMS is presented as in Figure 1.20:

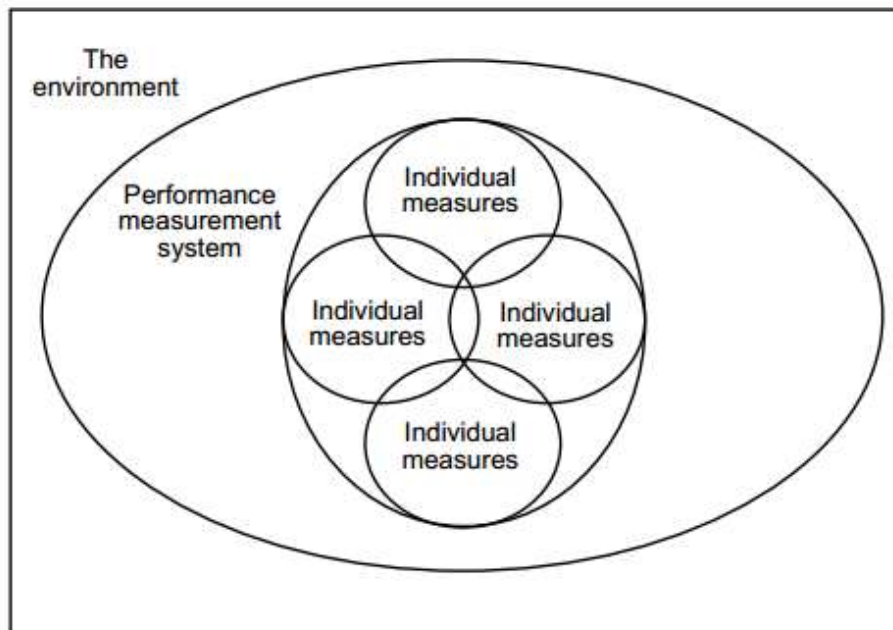


Figure 1.20: Framework for designing PMS. Source: Neely (2005)

In the scope of this dissertation, the focus was on how performance measures as a system was designed to measure and manage the results of the CRM program. Thus, firstly, the evolution of PMS as the whole are reviewed. Then, some research directions and questions are derived for designing PMS specializing for measuring CRM performance.

1.6.2 PMSs' evolutions

The main objective of PMS as a whole is to support the decision-making process more informed and accurate by measuring business performance, analyzing metrics for indicating what is going right or wrong in business processes.

In 1980s, as the deficiencies in traditional accounting system became the headlines, the Economic Value Added model (EVA) and the Activity Based Costing (ABC) model have been the favorite. They were one of the firsts to deviate from the traditional financial ratios and moving toward more leading financial indicators to reflect firms' real economic returns (Cooper & Kaplan,

1988). In addition, they also focused on the forward-looking timeframe instead of the past performance like in traditional accounting systems. The Supportive Performance Measure model (SPA) followed and extended this advances by introducing two important innovations in PMS design: (1) the concept of balanced measures and (2) the use of non-financial indicators (Keegan, Eiler & Jones, 1989). These innovations for the first time paid attention to link strategy to operation and model a firm as an integrated system.

In the early 1990s, the Customer Value Analysis model (CVA) introduced a completely new approach which developed a set a performance measures from the customer orientation view. Then in mid-1990s, one of the most popular PMS was introduced, the Balanced Scorecard model (BSC) (Kaplan & Norton, 1992). The BSC was created based on the principle that a comprehensive PMS should provide managers with sufficient information to address the following issues:

- Financial perspective: How do we deliver value to shareholders?
- Customer perspective: How do we deliver value to customers? And how customer perceives us?
- Internal business perspective: What do we need to excel at to deliver the targeted value propositions and compete with competitors?
- Innovation and learning perspective: How can we continue to improve and evolve?

The most important contribution of the BSC model is to identify and emphasize on the “balanced” between four key areas in a firm. These interrelationships between these four areas presented in BSC model (see Figure 1.21) has made it become one of the first model provided the integrated approach in designing PMS which map the value creation processes in firms from the root to the top of the processes in details (Kaplan & Norton, 1996). BSC model has emerged to become not just the performance measurement but also the performance management framework (Kaplan & Norton, 2001).

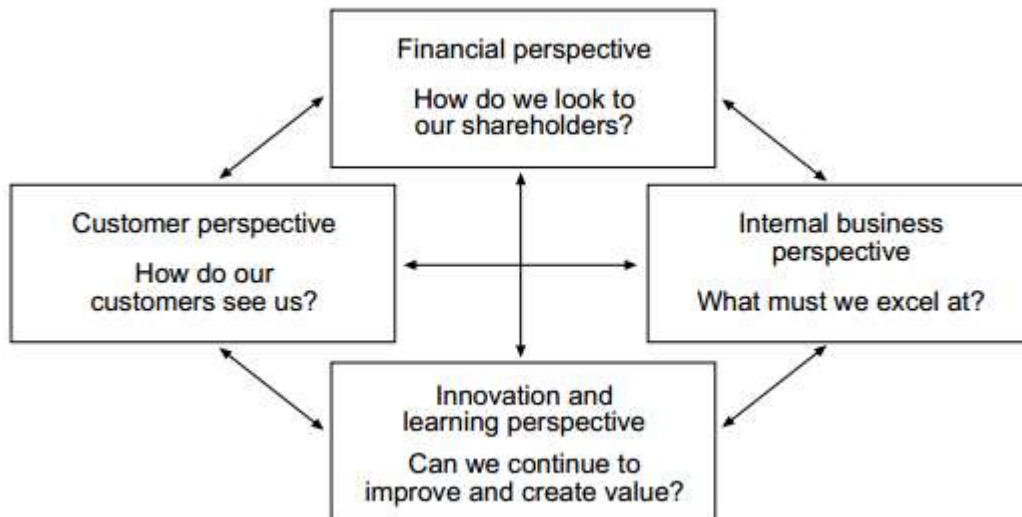


Figure 1.21: Framework of BSC model. Source: Kaplan and Norton (1992)

The BSC model had been an exemplary one for a system of models which highlight the integrated approach in PMS design such as The Results and Determinants Framework (RDF), The Service-Profit Chain (SPC), The Integrated Performance Measurement System (IPMS), The Comparative Business Scorecard (CBS), The Business Excellence Model (BEM), The Integrated Performance Measurement Framework (IPMF) (Fitzgerald, Johnson, Brignall, Silvestro & Vos, 1991; Heskett, Jones, Loveman, Sasser & Schlesinger, 1994; Bititci, Turner & Begemann, 1997; Kanji, 1998; Medori and Steeple, 2000; EFQM, 2007).

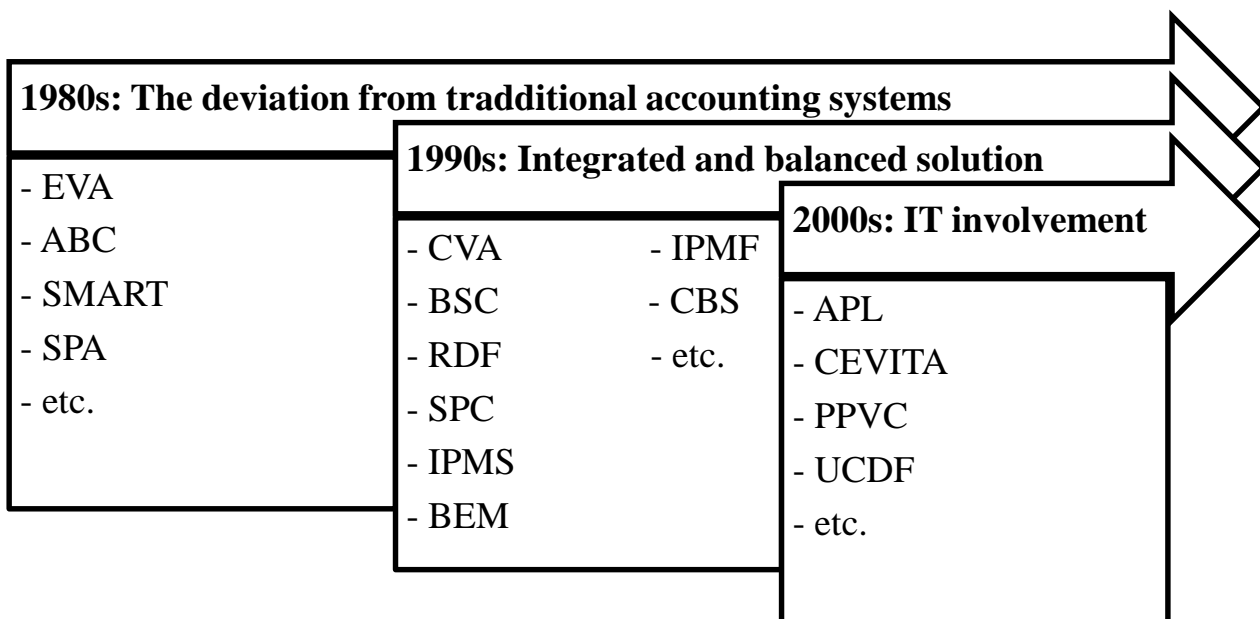


Figure 1.22: The evolutions of PMSs overtime. Source: Adapted from Taticchi, Tonelli, & Cagnazzo (2010).

In recent movement, the model emerged recently has presented further improvement by integrating the use of new information technology in the quantification process together with the strength of previous models such as the Action Profit Linkage model (APL), the Performance Planning Value Chain (PPVC) (Epstein & Westbrook, 2001; Neely & Jarrar, 2004; Taticchi, Tonelli, & Cagnazzo, 2010). For example, the Capability Economic Value of Intangible and Tangible Assets Model (CEVITA) and the Unused Capacity Decomposition Framework (UCDF) enrich the PMS models by paying attention to the value of intangible assets and the importance of managing unused capacities (Ratnatunga, Gray & Balachandran, 2004; Balachandran, Shu & Suresh, 2007). The evolutions of PMSs overtime are presented in Figure 1.22.

1.6.3 PMS in CRM implementation

While a great deal of studies on CRM has devoted to the topic of implementation frameworks, CRM strategies, technologies involvement or cases, there has been very little studies addressing the CRM performance measurement issue. Very few studies can be found on CRM performance measurement system or related issues (Brewton & Schiemann, 2003; Jain, Jain, & Dhar, 2003; Kim, Suh, & Hwang, 2003; Zablah, Bellenger, & Johnston, 2004; Lindgreen, Palmer, Vanhamme & Wouters, 2006; Kim & Kim, 2009). Studies on this issue have perceived CRM program as the strategic business process and business philosophy rather than the sole IT implementation for solving specific problems (Kim & Kim, 2009). Thus, these few studies on CRM performance measurement system focused mainly on the evaluative structure and methodology for designing CRM PMS rather than the choices of individual metrics in the PMS.

Among them, Jain, Jain and Dhar (2003) moved over the traditional quantitative measures such as sales, returns, retention rates or service times to include more behavior-related measures such as attitude to serve, quality perceptions. These behavior-related measures served as the bridges to connect and explain how relationship building efforts in CRM program improve the organization's performance (Jain, Jain, & Dhar, 2003). In another research, Kim, Suh and Hwang (2003) adapted the Balanced Scorecard models to suggest the customer-centric Balanced Scorecard models for measuring the CRM efforts. According to this approach, the customer-centric BSC consisted of four perspectives which are: (1) customer knowledge processes which is used as the learning and innovation process in the traditional BSC; (2) customer interaction which is used as the business process perspective accordingly in the traditional BSC; (3) customer satisfaction as the customer perspective; and (4) customer value perspectives as the final results for the CRM program efforts (Kim, Suh & Hwang, 2003). Although this customer-centric BSC need to expand their

customer knowledge process to include more strategic factors suggested in previous parts such as strategic organizational factors or IT infrastructures, the logic of this approach provide the causal-effect relationships between essentials components of CRM implementations. Thus, the interconnectivities for explaining the value-chain creation in CRM program are achieved not only on individual measures but also on strategic level.

Brewton and Schiemann (2003) in another study stressed the prerequisite of the compatibility between the firm’s business strategy and its CRM strategy by suggesting a hierarchal strategic business map. Following this, Brewton and Schiemann (2003) also suggested the steps for designing the PMS in CRM implementation as followed: (1) defining the CRM strategy that match its business strategy; (2) selecting measures to quantify the performance of CRM strategy; (3) cascade the effects of CRM measures to the firm’s performance measures. Similarly, Kim and Kim (2009) suggested a process for designing PMS in CRM implementation which consists of (1) theoretical causal map as a result of literature review and in-depth interview with experts; (2) the practical hierarchy for CRM success specific to each firms after considering the firm-unique factors; (3) the integrated framework for CRM Scorecard by integrating these previous two models; (4) the final CRM Scorecard after testing the feasibility of the measures as presented in Figure 1.23; and finally (5) weighted scores for each measures in the CRM Scorecard calculated by using Analytic Hierarchy Process (AHP) analysis.

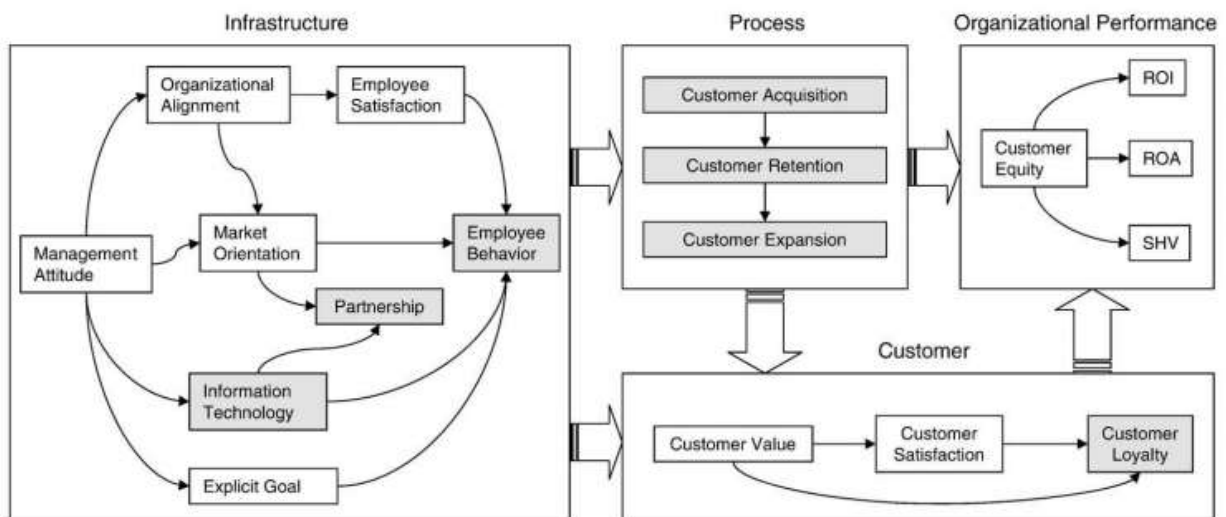


Figure 1.23: The integrated CRM Scorecard. Source: Kim and Kim (2009)

By reviewing these previous studies, some principals can be derived for designing PMS for CRM implementation as following:

- First, any PMS for CRM implementation should include customer perspective. Evaluating customer results server as the bridge between CRM efforts and financial performance.
- Second, causal model should be designed to track the value-chain creation processes of the CRM implementation. This causal model can help firm to design which is the facilitators or bottle-neck factors for the success or failure of its CRM program. Especially, all the linkages in the causal model need to end at the firm’s financial performances. This makes sure that all the efforts in CRM need to be aligned with both customer value and shareholder’s benefits.
- Third, triangulation principal need to be employed when choosing the measures. This makes sure that multiple evidences are collected to cross-check the performance of key business processes.
- Fourth, it is more important to focus on leading and antecedent measures such as employee satisfaction or diversity of suppliers rather than the final results measures such as sales, costs or profits.
- Finally, the attempts to quantify the perceptual measures such as employee satisfaction or customer value perceived are welcome in recent literature. These measures are rather subjective and approximate to measures but it is the core factors determining the successful of firms’ financial performance.

Table 1.7 summarized the studies according to their covers on measurement criteria for PMS in CRM implementation.

Table 1.7 PMS in CRM implementation in literature.

	Customer perspective	Causal relationship	Manifold perspective	Antecedent elements	Perceptual factors
Brewton and Schiemann (2003)	•	•••	N.S	•	•
Jain et al. (2003)	•••	N.S	N.S	•	•••
Kim et al. (2003)	•••	•••	•••	•	••
Lindgreen et al. (2006)	N.S	N.S	•	•••	•••

Zablah et al. (2004)	●●	●●	●	●●	●●●
Kim and Kim (2009)	●●●	●●●	●●●	●●●	●●●

●●●: fully satisfied; ●●: satisfied; ●: weakly satisfied; N.S: not satisfied.

Source: adapted from Kim and Kim (2009)

In general, the PMS has been ignored by both academic and practitioners in the CRM implementation framework. This dissertation posited that the PMS is a requisite for any successful CRM program. The proposed comprehensive CRM implementation framework should include the PMS applying the principals suggested by designing PMS as a whole and PMS in CRM implementation in particular. In this approach, PMS was suggested as the moderator which can facilitate or dampen the relationships between CRM activities and firm’s performance including both customer performance and financial performance.

As a conclusion, this chapter in the dissertation provided the theoretical framework supported by empirical evidences for CRM implementation. Based on that, the comprehensive CRM implementation framework is proposed based on the sources of competitive advantages. Then each element in the comprehensive framework of CRM implementation was reviewed to define its best practices and its issues which are necessary to be addressed as well in the current academic researches. In addition, the real business context within which the dissertation was conducted was also defined. Through the literature review and the business context, CRM if properly implemented can cast its significant impacts on firm’s performance. Furthermore, through the literature review, conditions for the proper CRM implementation were explored and elaborated thoroughly in terms of necessary antecedents, the main business processes and the way how consequences are measured and managed. Especially, the new change mechanism is defined and embedded into the framework for addressing the hyper-changing business environment nowadays. All these factor are inter-related and together building the sustainable competitive advantage for a firm. In the next chapter, the main objective and research design of the dissertation were formulated based on the insights provided by the literature review in this chapter.

2. RESEARCH PROBLEMS, RESEARCH QUESTIONS AND RESEARCH OBJECTIVES

The main aim of the dissertation is to diagnose the impacts of CRM implementation on SMEs' financial performance. For achieving this aim, the main objective of the dissertation is to identify the determinants for successful CRM implementation in SMEs. Alternatively, a new comprehensive CRM implementation framework was proposed based on the competitive advantage theories across academic disciplines and the integration of Customer Agility as the change-mechanisms in the framework.

The proposed comprehensive CRM implementation framework are then explored in the real world and then tested to provide empirical evidences about the interrelationships between the elements and variables in the proposed framework in SMEs context.

2.1 Research problems

The dissertation's main aim and objective were inspired by the research problems which have been long lasting in the real context. Specifically, the dissertation was conducted in the Vietnamese tourism industry, focusing on the tourism SMEs in this sector. Tourism industry has become one of the most important contributors for the growth of the Vietnamese economy. It has the potential for maintaining and improving its contributions to GDP in the long-term regarding to the natural, social and geographical advantages which Vietnam is currently holding. Moreover, it is also one of the industries which have the most dynamic business ecosystem surrounding. Therefore, it is imperative task for companies in tourism industry to continually learn and innovate to adapt with the changes in customers, partners or economic cycles, etc. The traditional CRM implementation can help firms develop customer-related capabilities for sensing and understanding their existing customer better. But when dealing with changes, the traditional CRM implementation express its weakness as lacking the readability, established processes and routines, and the strategic flexibility in resources for timely and profitability transformation. Consequently, a CRM investment of tourism industry usually doesn't achieve its expected economic returns.

In general, the problem statement which encourages the conduction of this thesis can be stated as: "Even though having very strong potentials for growing, SMEs in Vietnam, in general, and in Vietnamese tourism industry, in particular, has encountered enormous problems in the new and dynamic business environment, especially in their competitive advantages for creating value for both customers and shareholders at the same time."

2.2 Research questions and partial research objectives

This dissertation attempts to contribute to the overall efforts of the researches on explaining firm's financial performance. Specifically, the main objective and the purpose statement of this dissertation can be formulated as: "To define successful factors of the CRM implementation to dramatically and sustainably improve SMEs' financial performance in dynamic business environment".

As for achieving the research aim and main objectives, number of research questions was proposed to guide and navigate the investigating process. Furthermore, addressing these focal research questions help to achieve partial objectives which lead to the solutions for the main objective of the dissertation. The central research questions and their according partial research objectives are formulated as following:

Research question 1: What is the framework of CRM implementation in SMEs in the real context of Vietnamese tourism industry?

Partial research objectives for research question 1:

- Identifying the theoretical framework of CRM implementation from literature review.
- Identifying main CRM activities which are essential for SMEs in the real context.
- Identifying the CRM antecedents and consequences which influencing the relationships between CRM implementation and firm's performance in SMEs in the real context.
- Identifying the moderators or mediators which influencing the relationships between CRM implementation and firm's performance in SMEs in the real context.
- Developing the practical framework of CRM implementation from the real context.

Research question 2: What is the change-mechanism embedded into CRM implementation in SMEs in the real context of Vietnamese tourism industry?

Partial research objectives for research question 2:

- Identifying the theoretical framework of the change-mechanisms from literature review.

- Identifying the components of the change-mechanisms which influencing the relationships between CRM implementation and firm's performance in SMEs in the real context.
- Integrating the change-mechanism into the CRM implementation framework to develop the comprehensive CRM implementation framework for SMEs in hyper-changing business environment.

Research question 3: Does the proposed comprehensive CRM implementation framework for SMEs have positive influences on SMEs' financial performances?

Partial research objectives for research question 3:

- Operationalizing the components of the proposed comprehensive CRM implementation framework for SMEs and related factors (the moderators or mediators).
- Utilizing statistical techniques for quantitatively testing the interrelationships between the components of the proposed comprehensive CRM implementation framework for SMEs and their impacts on SMEs' financial performance.
- Utilizing statistical techniques for quantitatively testing the mediating and/or moderating effects of related factors which influence the relationships between CRM implementation and firm's financial performance in SMEs.

Research question 4: What are the differences between successful CRM implementation and unsuccessful one in SMEs in Vietnamese tourism industry?

Partial research objectives for research question 4:

- Utilizing case study method for identifying the factors making the differences of CRM implementation in SMEs in the real context.
- Reflecting the findings about the interrelationships between components of the proposed comprehensive CRM implementation framework for SMEs in the real context.
- Reflecting the findings about the mediating and/or moderating effects of related factors which influence the relationships between CRM implementation and firm's financial performance in SMEs

3. METHODOLOGY OF RESEARCH

In order to address the key research questions, both qualitative and quantitative research strategies are deployed in this research. The basic assumptions of these two models of inquiry are distinctive (Pickard, 2013). Quantitative research strategy assumes that the reality of social facts is objective and can be discovered independently with the presences of researchers to some extent. This approach is consistent with the positivist philosophy of research (Pickard, 2013). Alternatively, qualitative research strategy assumes that the reality of social facts is multiple and constructed. It means that each individual being studied, each researcher and reader embrace different realities. Qualitative research is conducted to report these multiple realities and perspectives (Lewis, 2015). This approach is consistent with the interpretivist philosophy of research.

In this dissertation, the methodological dualism which combines both quantitative and qualitative methodologies is applied for dealing with the overarching types of research questions and objectives in the research. This approach is actually consistent with the post positivist paradigm (Pickard, 2013). This mixed method research are actually not a methodology but it is more a way to combine the two research strategies supporting by many social researchers in order to address various types of research questions (Pickard, 2013). As a result, the research is divided into four stages accordingly to the processes of addressing the four key research questions in this dissertation.

First, the first stage of the analysis is intended for building the theoretical background for the research. It includes the extensive theoretical research which focuses on three topics: sources of competitive advantages, framework for CRM implementation in SMEs and change-mechanism in CRM implementation framework.

- In this part, current studies from variety of sources are reviewed to have the holistic view about the topics concern. The materials for investigating will come from journal articles, books, conference papers, professional reports or magazines and other scientific sources. The systematic review is employed in this stage to ensure the thoroughness of the current knowledge and avoid bias when approaching the research problems. A literature review as a result of this stage creates the inputs for developing new comprehensive framework of CRM implementation and the change-mechanism embedded into CRM implementation for SMEs in tourism industry. The hypotheses about causal relationships between the factors in new CRM implementation framework and SME's performance are defined in this framework.

Second, qualitative research strategy is used in the second stage. This stage of the research will provide empirical evidences for addressing the research question 1, the research question 2 and their related partial research objectives. Addressing the research question 1 and 2, the study attempts to obtain to some extent the detailed understanding of the CRM implementation phenomenon and change-mechanism in CRM implementation in SMEs in Vietnamese tourism industry. For achieving these objectives, the details about CRM implementation can only be captured by directly talking with executives and managers in SMEs at their workplace. In addition, the think body of literature review about the CRM implementation in SMEs to rely on is also the reason for conducting the qualitative research at this stage. Therefore, the qualitative research is suitable for inductive researches and theory generation which are the main theme of the second stage. The study attempts to explore and explain important factors which determined the comprehensive CRM implementations framework, the embedded change- mechanism in CRM and their impacts on SME's performance. It can be conducted as following:

- Phenomenological research method is deployed at this stage. In-depth interviews technique is used for collecting data concerning that most of the information needed are primary data. More importantly, the complex characteristics of the CRM implementations framework and embedded change-mechanism should be address by discussion between executives and interviewees for avoiding misunderstand and obtaining deep, detailed insights about the matters.
- The theoretical framework and theoretical background about competitive advantages developed in the first stage is used as the guide for developing a semi-structured questionnaire for the in-depth interviews with managers and executives.
- Purposive sampling is used in this interview study. Because the nature of research questions in this stage is exploratory and explanatory, the sample of SMEs in tourism industry should have wide variation in their characteristics for avoiding bias and they also should be well targeted for the objective of gaining multiple realities and perspectives about the issues. According to Polkinghorne (1989), it is recommended that the researchers should interview from 5 to 25 individuals. Thus, for addressing the two research questions, the number of SMEs for interviewing will be varied between 20 to 40 depending on the depth and breadth of the insights required.
- The pilot study for testing the cleanness and transparent of the questionnaires is also conducted.
- Data analysis in this phenomenological research follows the framework suggested by Moustakas (1994). Thereby, it moves from the narrow unit

analysis such as significant statements to broader units like cluster of meanings or the essential themes.

- For increasing the credibility and trustworthiness of the qualitative research, the findings in form of a report are sent back to the executives and managers participating in the research for asking their comments and adjustments if necessary.
- Finally, descriptive passages that discuss the essence of the phenomena investigated in this stage are formulated as presented in the main finding parts of this dissertation.

Third, at this stage, the quantitative research strategy is used. The research question 3 and its related partial research objectives in this research are tested in this stage. Because the focus of the research question 3 is to generalize the causal relationship between factors in proposed CRM implementation framework, quantitative methodology and statistical analysis are used. It can be conducted as following:

- Survey research method will be deployed at this stage. After defining factors constituting the causal relationships within the new comprehensive CRM implementation framework in the previous stages, these factors can be expressed as constructs in a structured questionnaire for testing their internal and external validity for generalization purpose.
- A structured questionnaire is developed as a survey instrument which operationalizes the factors of the new comprehensive CRM implementation framework and related factors such as Knowledge management, Strategic CRM organization, Technology infrastructure, CRM processes, Dynamic capabilities, Marketing capabilities, New product development, Customer value and Financial performance.
- The survey will be cross-sectional because comparing respondents at the same time will be the main purpose.
- The purposive sampling and convenience sampling will be deployed to have accepted representative for the sample.
- The pilot study for testing the cleanness and transparent of the questionnaires is necessary.
- Questionnaires will be self-administrative and distributed via emails or mails to the targeted SMEs.
- Questionnaires contain mainly close questions with Liker scales for using statistical tools to estimates the validity, reliability of the framework.
- Finally, the data collected from the structured questionnaire are processed and tested using statistical techniques such as Structural Equation Modelling (SEM) or Moderated Regression Analysis (MRA).

Fourth, the final stage is toward reflecting and extending the findings from quantitative analysis in the real context. This stage intends to provide evidences to address the research question 4 and its related partial research objectives. The intent of research question 4 is to explore real-life CRM implementations in SMEs in tourism industry. More importantly, the differences between the successful and unsuccessful CRM implementation and their root causes are the main focuses. Spending extended time at the sites in SMEs and obtaining data from multiple sources (observations, interviews, documents and reports), the case study methodology can help to obtain deeper insights about the causal relationships between factors in the new proposed comprehensive CRM implementation framework in different unique and real contexts (Pickard, 2013). Thus, the case study research method will be used at this stage. It can be conducted as following:

- The explanatory case study approach is used in this investigation which focuses on reflecting and reasoning the findings in previous parts about the factors in the comprehensive CRM implementation framework and their interrelationships. Especially, because the differences between CRM implementation practices are the focus, multiple cases are chosen to be the instruments for exploring the differences. In other words, multiple cases study methodology is used.
- Purposive sampling technique is used in this stage. Specifically, two organizations which have the commitment to participate in research of the CRM implementation are the subjects for investigating. It is purposely to choose one SME which have successful CRM implementation reflecting through their outstanding customer performance and financial performance over the recent years. The other one is the SME which is experiencing difficulties in their customer and financial performance and report that it is not satisfied with current CRM program. In addition, two chosen SMEs are also very similar in term of size, customer target and financial supports from the owners.
- Then, in each SME, researcher spends about two weeks at the real site for interviewing managers, employees and observing the CRM activities in the real contexts.
- Other data collected methods are also deployed in this investigation such as reviewing recorded information and reports to follow the triangulation principal.
- Simultaneously with the interviewing and observing tasks, the data are continually processed and analysed to define the emerged themes and issues which are necessary to be investigated further.
- The analytical framework from Yin (2009) is applied. First, the themes within case, called within-case analysis are explored. Then, there is a

thematic analysis across the case in which a cross-case analysis is employed.

- For increasing the transferability of the case study findings, details descriptions of the contexts of the two cases are provided in the main findings parts of the case study beside the findings about the CRM implementation.
- For the conformability of the case study, when enough information is collected, reports about the cases studies are prepared. Then it is sent to the general managers of the two SMEs for justifying the facts and findings included in the reports.
- Finally, the final reports of findings are prepared and presented in the main results part of the case study.

In general, four stages of research activities and methodologies are summarized in the Figure 3.1 below:

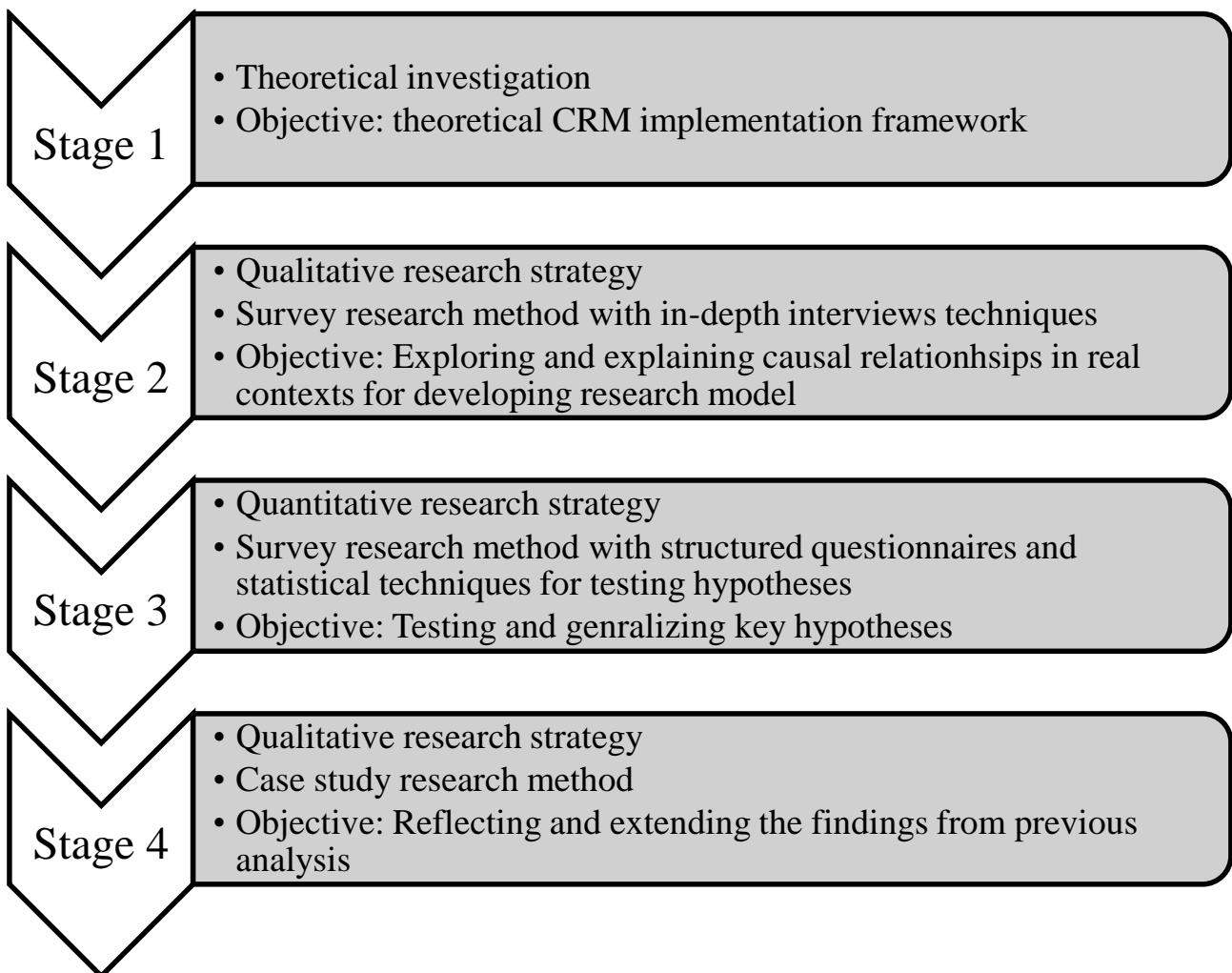


Figure 3.1: Stages of the research activities and methodologies. Source: own research.

4. MAIN RESULTS

In this dissertation, each stage of the research process resulted in different type of empirical evidences for addressing the predefined research questions and partial objectives. This section of main results will present these empirical evidences which consisted of three main parts:

- the qualitative empirical evidences of CRM implementation in SMEs in Vietnamese Tourism industry;
- the quantitative analysis of the research model and;
- the case study of CRM implementation in SMEs in Vietnamese Tourism industry.

4.1 Qualitative Empirical Evidences of CRM Implementation in SMEs in Vietnamese Tourism Industry

This section of the dissertation focuses on exploring the empirical evidences about the current situations of CRM implementation and related factors in SMEs in Vietnamese tourism industry. The main objective is to define the key successful factors for the new comprehensive CRM implementation framework proposed in this dissertation by exploring and explanation of the causal relationship within new comprehensive CRM implementations framework, the embedded change- mechanism and their impacts on SME's performance. More importantly, the contexts and conditions where these factors work at their best are defined and discussed. For achieving this objective, as suggested in previous part, this investigation deploys the qualitative research approach with phenomenological methodology and in-depth interview technique for collecting data.

4.1.1 Data collection and sample

The emergent design of qualitative research is the most suitable one for the objective of this investigation because most of the interested insights are complex and are deeply embedded in the personal experiences and know-how of the respondents. Accounting this issue into consideration, this section uses the qualitative survey research method procedures for conducting the investigation. This research procedure facilitates the constant comparative analysis and constructions of new insights about current CRM implementation practices in SMEs used and promote the processes of finding the key successful factors. The data collection and analysis are doing simultaneously making sure that the emerging insights are discovered fully until the information is saturated.

The data collection is done through in-depth interviews with 41 managers and executives in hotels, resorts and tourism agencies in Vietnam in the period of three months in the end of 2016. Most of the participants are general managers (30/41). In some cases, interviews are conducted with front-office managers, human resources managers or customer care executives. These participants are arguably appropriate for the purpose of the inquiries since their thorough expertise in customer strategy. A loose-structure of questionnaires is prepared for the in-depth interviews assuring that the main discussions are followed the pre-defined topics and research questions. At the beginning of the interview process, the questionnaires and its topics are discussed as the pilot study of the investigation. From this pilot study, some of questions are eliminated from the questionnaires because of their misappropriations and sensitivities. Number of questions is also reduced not to make the interviewees losing concentrations and interests. Most of the interviews are done within 60 to 90 minutes. Then authors have a follow-up section for observing the operations of the SMEs in term of CRM implementation at the workplace.

For making sure that the emerging insights and themes are captured to the full extent till the new information is saturated, the in-depth interview process is divided into two phases. The first phase focuses on questions about the CRM activities and others contextual factors such as financial and human resources, the willingness of top managers, business strategy, knowledge management, technology infrastructure, etc. Then the data collected are analyzed right after the first phase of the interview processes. By doing this, most interesting concepts, ideas emerging from the interviews are discovered and serve as the main topics for the next phase. The second phase will depend on the data analysis after the end of the first one to decide which emerged concepts or issues need to be investigated more (change mechanisms and PMS). Consequently, the first phase and second phase included 20 in-depth interviews and 21 in-depth interviews accordingly. The 41 SMEs in the sample are chosen according to purposive sampling technique in order to facilitate the investigation of emerging concepts. In addition, this study chooses tourism industry in Vietnam as the context for the research. Tourism industry is service-dominant industry and certainly uses CRM program extensively for building customer relationship. Furthermore, most of the companies in tourism industry are SMEs. Therefore, tourism industry is served as rich and appropriate context for this research. Table 4.1 presents the in-depth interview participants, their years of experience and company descriptions.

Table 4.1 Interview participants, their years of experience and company descriptions.

Pseudonym - position	Years of working	Business activities – number of employees	Pseudonym- position	Years of working	Business activities – number of employees
M.T. – COO	20	4+ star resort – 160	N.N. - CE	5	4 star hotel – 120
M.L. – FM	6	4+ star resort – 156	M.V. - HM	7	3 star resort – 100
L.A. - FM	8	4 star resort – 150	N.L. – GM	14	3 star hotel – 100
V.N. – GM	15	4 star resort – 136	M.K. – GM	5	3 star hotel – 90
C.S. – GM	15	4 star resort – 135	V.T. – GM	11	3 star hotel – 55
A.N. – GM	10	4 star resort – 130	D.V. – GM	15	3 star hotel – 45
A.V. – GM	10	4 star resort – 130	H.D.- CE	7	2 star hotel – 30
E.P. – GM	12	4 star resort - 125	A.T. – GM	3	2 star hotel – 30
M.H. – GM	14	4 star resort – 125	V.N – GM	5	2 star hotel – 25
T.T. – GM	12	4 star resort – 125	C.M- CE	4	Travel agency – 65
H.T. – GM	14	4 star resort – 120	Ch. – CE	5	Travel agency – 60
M.T. – GM	15	4 star resort – 120	H.A. – GM	15	Travel agency – 65
D.T. – FM	9	3 star resort – 100	B.L. – GM	9	Travel agency – 62
Q.T. – GM	10	3 star resort – 100	H.T. – FM	10	Travel agency – 40
M.L. – GM	10	3 star resort – 95	N.H. – CE	5	Travel agency – 35
T.M. – GM	8	3 star resort – 95	Q.V. – CE	4	Travel agency – 30

T.H. – HM	5	3 star resort – 90	T.L. – GM	5	Travel agency – 20
T.B. – GM	14	4+ star hotel – 160	H.H. – GM	17	2 star tourism site – 45
V.D. – HM	7	4+ star hotel – 150	N.A. – GM	13	2 star tourism site– 42
V.D. – GM	22	4 star hotel – 125	T.N. – vice GM	7	2 star tourism site– 40
T.Q. – GM	8	4 star hotel – 125			

Note: GM: General Manager; FM: Front Office Manager; HM: Human Resource Manager; CE: Customer Executive; COO: Chief Operation Officer.

Source: own research

After collecting data from the in-depth interview, the data is pooled together and coded into different categories for the analysis phase. The coded data are compared and scrutinized both vertically and horizontally for deriving the emerging themes about the interested topics. Adapting the suggested framework of Moustakas (1994), the technique for collecting and analyzing qualitative data called “Micro-interlocutor Analysis” proposed by Onwuegbuzie, Dickinson, Leech, and Zoran (2009) is used. By vertical analysis, the coded data is comparing between different SMEs in the samples for describing the extents and the characteristics of the phenomena. By horizontal analysis, the main interest is about the interrelationships of the key factors within a SME. Then combining both vertical and horizontal analysis, the emerged themes can be extracted for the interested topics. Figure 4.1 described the framework used in processing and analyzing data from the in-depth interviews. However, first, some main characteristics of tourism industry in Vietnam are pointed out as the ground for this investigation. Then, the themes about the interested topics are discussed in the later parts.

Analysis Framework For CRM in SMEs in tourism industry

1. CRM implementation framework components

Serial no.	CRM antecedents				CRM activities			CRM consequences & related factors				
	Strategic CRM organizational	Knowledge management	Multi-channel management	Technology infrastructure	CRM initiation	CRM maintenance	CRM termination	FMS	Customer value	CRM in customer services	CRM in Marketing	CRM in Salesforce automation
1												
2												
3												
41												

2. Risks

Serial no.	Internal Risk (Preventable risk)				External risks				Strategy risks			
	Employee and manager's immoral behavior	Employee and manager's inappropriate actions	Financial risks	Operation risk	Natural and policy risks	Macro economic	Innovation and Market structure changes	Competitors				
1												
2												
3												
41												

3. Customer Agility - Change mechanisms in CRM

Serial no.	Regenerative capabilities			Renewing capabilities			Operating business processes		Other factors		
	Seizing opportunities	Shape opportunities	Learning and Analytical ability	Sensing opportunities	Developing new business model	Strategic flexibility	Marketing capabilities	New Product Development	Integration resources	Managing cospecialization	Decentralization
1											
2											

Figure 4.1: Analysis Framework for CRM implementation in SMEs in tourism industry. Source: own research.

4.1.2 Overview of Vietnamese tourism industry

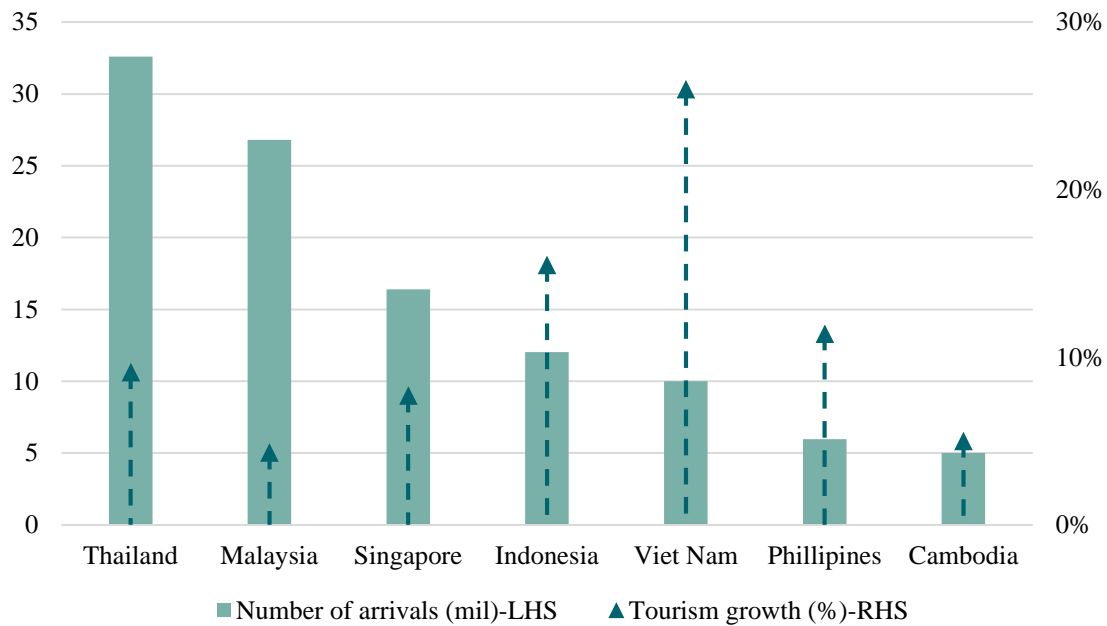


Figure 4.2: Strategic map of Vietnamese tourism industry. Source: JLL, Hotels & Hospitality Group, 2017.

Figure 4.2 above presented the strategic map of Vietnamese tourism industry. As presented, Vietnam has very long coast and seven distinctive regions in term of cultures, natural settings and ecologies which create a diversified portfolio of tourism services and products. These advantages have contributed to the growth of tourism industry in Vietnam and becoming the very solid ground for the huge growth potentials in Vietnamese tourism industry in the long term.

Vietnam is the strongest growing tourism destination in Southeast Asia and one of the strongest in the world. The number of inbound travellers has tripled in the last decade which saw a 26% growth rate in 2016 according to World Travel & Tourism Council (WTTC, 2017). This result outperformed deeply other regional destinations as presented in Figure 4.3. Vietnamese tourism industry has expanded approximately two times faster than other destination in the region in 2016 (26% comparing to 16% in Indonesia, 12% in Thailand and 13% in Philippines). This trend continued and was even stronger in 2017 which saw 29.1% growth rate in international arrivals (VNAT, 2017).

However, because of the very low level at the beginning, number of inbound arrivals to Vietnam has not been at the high level comparing to Thailand or Malaysia. With strongest growth currently and the huge advantages of beautiful sceneries, rich cultures and natural settings, Vietnam has shown that it has biggest potential for developing tourism industry. As projected by the Vietnam National Administration of Tourism (VNAT), there were approximately 12 million international arrivals to Vietnam (VNAT, 2017). This growth is expected to continue to happen in a long-term. It is projected that the number of international arrivals can surge to reach 18 million annual visitors by 2030 according to the Ministry of Culture, Sports and Tourism.



*Figure 4.3: International arrivals in 2016 in Southeast regions and growth rates.
Source: Statistics agencies of surveyed countries, VNAT (2017).*

Contributing to the strong growth of Vietnamese tourism industry, China and Russia are currently being the fastest growing inbound source markets. Particularly, Russia alone has been the essential source market for many tourism regions in Vietnam. That's why Russia receives a tourist visa exemption. For a long time, Russia has considered Vietnam as the first choice for holiday, particularly because of its lower costs relative to other destinations in the region. In recent years from 2014, Russia has encountered enormous difficulties in its economy and it has impacted very much to the consumptions of Russian people on tourism. However, though encountering with sanctions and a deep devaluation of Rubble, number of Russian tourists to Viet Nam have still steadily increased over the past few years.

Chinese strong economy in the past few years has contributed to the expansion of number of growing middle class in China. It has created the greatest ever outbound travel demand from China, especially to the more affordable destinations in ASEAN region. China alone now has become the second largest source market for Vietnamese tourism with about 2.7 million business travellers and tourists in 2016. This also created the recorded 50% growth rate comparing to 2015. In the future, the number of China-based ASEAN inbound visitors are forecasted to be double by 2025 (Goldman Sachs, 2015). In recent years, along with China and Russia, the East Asia markets (other than China- Japan and Korea) has been growing with steady and strong rate to become the crowded

tourists coming to Vietnam in 2016. This trend shows that Vietnam has been becoming the popular destination for holiday among Asia populations. Moreover, with the growing infrastructures for transportation with more highway and airports, Vietnam is hoping to attract more travellers coming from far away geographical locations such as Europe or America. The source markets for inbound travellers to Vietnam in 2016 are showed in Figure 4.4.

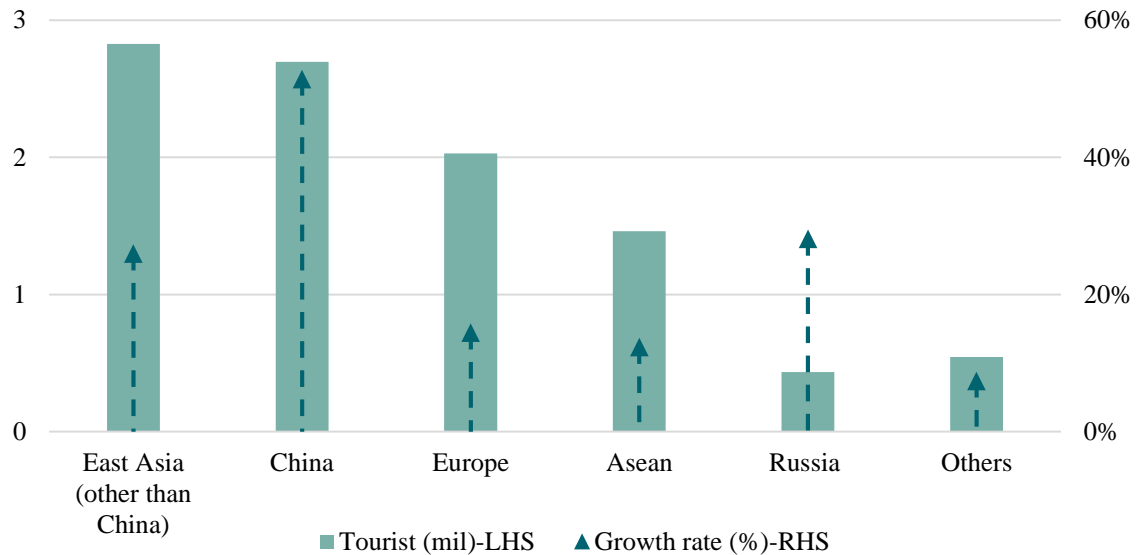


Figure 4.4: Source markets of inbound travellers to Vietnam in 2016. Source: VNAT

The growth of domestic tourism cannot be discounted when considering its contributions to Vietnamese’s tourism industry. With the middle class expanding at the fastest rate ever, the demand for holiday has been gradually becoming the ordinary services. Thus, in 2015, Vietnam recorded 57 million domestic visitors which was an astonishing 48% growth on the previous year. Especially, tourism industry in Vietnam has been considered as one of the sectors for sustainably boosting the economy and living standard of Vietnamese people in the long-term. Therefore, there are a lot of stimulus program from governments for boosting the industry. Among them, “Vietnamese travel in Vietnam – Each journey to love the fatherland more” program which was launched in 2014 has heavily boosted the locals travelling domestically. Figure 4.5 presented the impressive growing of number of domestic travellers in recent years.

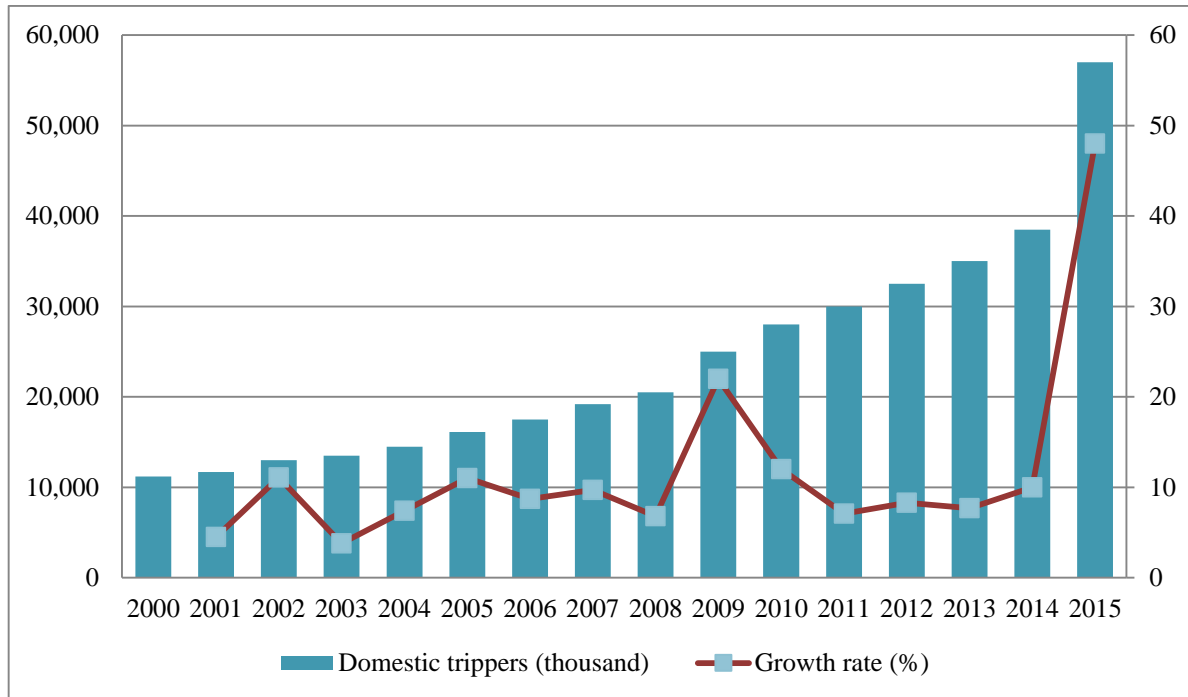


Figure 4.5: Domestic travellers in Vietnam in 2000-2015 periods. Source: VNAT

With its impressive and astonishing growth rates, tourism industry has also gained their important role in creating job and outputs for Vietnamese economies. According to WTTC (2017), the direct contributions of tourism industry to Vietnamese GDP is approximately 9.3 billion US dollar which accounted for 4.6% of total GDP in 2016. If considering all other effects of tourism industry, the total contribution to GDP is about 18.4 billion US dollar which accounted for 9.2% of total GDP in 2016. About the ability to creating job, tourism industry alone accounted for 7.3% of total employment which are about more than 4 million jobs related to tourism industry (WTTC, 2017). As considering as the sustainable and essential sectors for the economy, tourism industry is expected to create more and more job opportunities in the long-term which projected to rise 1% per annual to create 4.5 million jobs in 2027. Figure 4.6 presented the contribution of tourism industry in GDP and labor market.

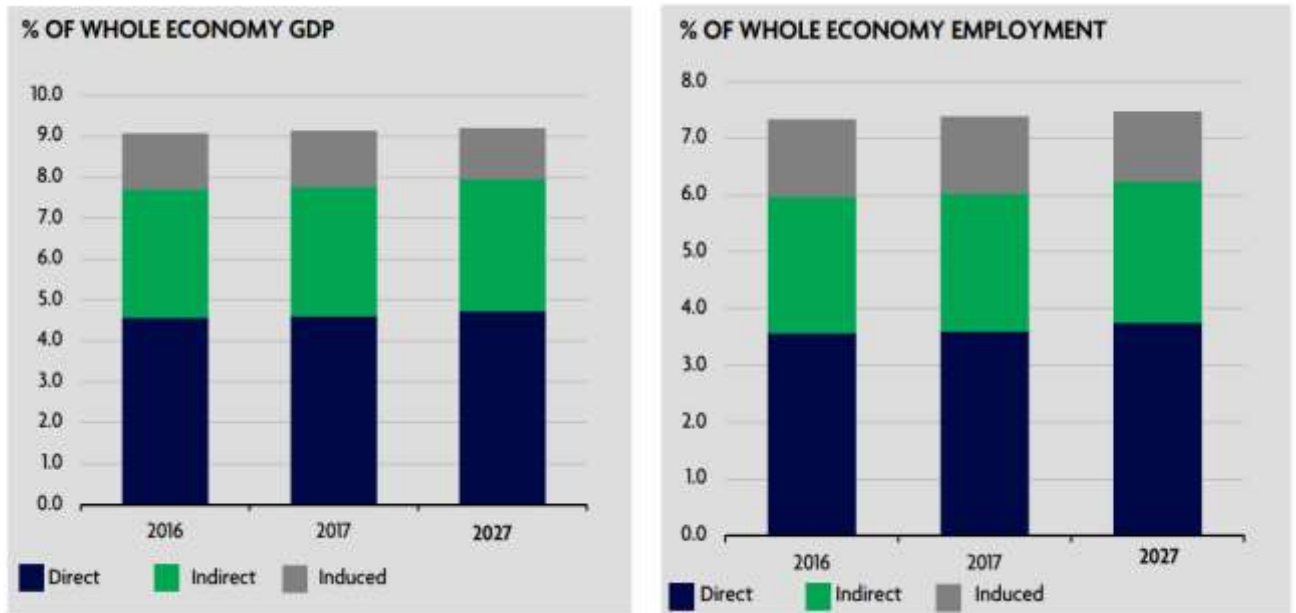


Figure 4.6: Contributions of tourism industry in GDP and labor market. Source: WCCT (2017).

In general, tourism industry has become fasted growing sector in Vietnamese economy. However, it is still under its best potentials because of lacking of strategic plan for increasing the competitiveness and capabilities of tourism firms in Vietnam (Lai & Vinh, 2013; Luu, 2011). Moreover, after experiencing rapid growing phase, Vietnamese tourism industry are currently encountering enormous challenges coming from the changes in business environment and the unsustainable strategy for developing tourism industry in the past. In 2015 and 2016, the number of inbound tourists to Vietnam kept falling for more than 13 consecutive months signaling the worrying trend (VNAT). More programs for stimulus the potentials of Vietnamese tourism industry should be conducted, especially, the one focusing on developing tourism firms 'competitive advantages. In the long-term, for adding more value to the economy, Vietnamese tourism industry has to overcome the current status as the affordable destination to become the one for high quality travelling services and products in the region.

4.1.3 Findings about CRM implementation in SMEs in Vietnamese tourism industry

This section reports the emerged themes from the in-depth interviews which focus on topics: CRM rationales and strategies, CRM antecedents and CRM change-mechanism.

➤ CRM rationales in SMEs

In the first round of the in-depth interviews, the rationale of using CRM is the main aim. The results of this round are expected to form the solid foundations for finding the factors enabling the successful implementation of CRM in SMEs

in tourism industry. From our analysis, the first and quite interesting finding here is about the differences in the understandings about CRM concepts and its usages among the interviewed managers and executives. There are distinctly different views about CRM among them.

For example, Mrs. L.A. who is front office managers who worked for S.B. resorts for almost 5 years commented that she had never did serious researches on CRM and actually did not know very much technical terms on this topic. However, she has used it for quite long time and mainly for improving the customer services processes as she noted:

“We started to realize the immense role of maintaining relationship with existing customers few years ago. And since then, we are keen on using CRM to improve our customer processes. We would like to understand more about our customers and make them satisfied as much as possible with our products and services. However, we cannot changes all the business processes for this objective. Thus, the main function of CRM is just for solving customer problems arisen and keeping good relationship with them. Front office in our resort is the department which is mainly responsible for the CRM implementation.”

The view of L.A. about CRM is shared by most of the managers and executives in SMEs in this study as presented in Figure 4.7 (32/41). The uses of CRM in most of the SMEs in our survey are for initiating, maintaining, and terminating relationship with customers. Within this view, the most important and frequently used components of CRM are customer cares initiatives and marketing campaign enhancements. However, the magnitudes of using these components also somewhat vary from firms to firms depending on their customer strategy, human and financial resources, and capability of collecting customer information. Most of companies in this group use traditional customer care programs including after-sales promotions, loyalty memberships or general marketing messages communication to most of customers. In contrast, companies which concentrating on diversifying their customer base usually invested heavily in system for collecting customer information. They also often have more extensive training program for their employees. By using additional customer knowledge extracted from information collected, the customer cares initiatives in these companies focus more on the details and customized services/products for satisfying specific needs of customers. Usually, these companies have available and committed financial resources to innovate or add more added value services/products to their portfolio to adapt with customer demands and for competing with other competitors. However, Mrs. A.N.,

general manager in A.B resorts insisted that building the right mind set for employees about customers' relationships is the most crucial task which determines the effectiveness in customer processes as he noted:

“We have established the system for collecting customer information long time ago but it took us a long time to completely persuade our employees to put customer information they have when encountering with customers in the right manners. Since then, we started to know which type of customers that we should be focused on to send our offers and which kind of messages we should send to them.”

There are few exceptional SMEs in the survey that pursue the CRM approach as a cross-functional strategic business process (Figure 4.7). In this case, CRM implementation requests to transforms all firms' activities from product-centric orientation toward customer-centric orientation. In these companies, the responsible for satisfying customer and developing long-term relationship with customer does not only belong to front-office or customer care department or specific departments. All departments in the organizations have their own share in building and keeping relationship with customers. These few companies are able to employ the cross-functional approach when dealing with customer problems. They also have huge commitment from leaders for pursuing customer-centric orientation and significant investments in time, human and financial resources to build internal systems. The rewards are worth with the efforts, CRM implementation in these companies is much more effective with above average customer and operational performance. The average customer satisfaction rate and the average occupancy rate in these SMEs are much higher than those in other SMEs (94% and 75% comparing to 82% and 55%). Especially, they rooted their superior customer performance in their ability to really customize and personalize their services by cooperating with customer in designing their offers. Mr. M.T., general manager of B.V. resorts which is in the market for more than 18 years said:

“We are different from most of others by having multiple channels to communicate with our customers so that the opportunities to strengthen the relationships are much more and the mutual understanding between companies and customers is deeper.[...] In addition, our strengths are not from any specific factors like exceptional customer cares but they are come from the smooth cooperation between many departments and employees, both front office or back office to maximizing positive customer experiences with our companies. ”

Even though huge efforts needed to be spent, the paths for achieving this type of strategic CRM can be quite different. Some new SMEs can build up all the system from scratch based on their strong financial resources. Other SMEs choose the path of incremental innovation to upgrade their system until it satisfies all requirements to have the type of strategic CRM. However, Mrs. H.T, front office manager in hotels and resorts S.L. insisted that human factors are still the one determining the success of CRM implementation; she described that:

“We already have [...] and everything is in place, but we are young companies and both managers and employees have not been in any experienced like this before. Thus, it took us a lot of lessons to know what exactly we need to do about the CRM system. [...] . We have prepared all the hardware but the software which is human knowledge to run the system is not ready yet.”

In these SMEs, the key factors which help them differentiate with the previous group of SMEs are the hard commitment of top management teams and the stable of human forces which help to maintain the high quality services and customer relationships. Especially, some SMEs having very little innovations over years and almost no financial sources for radical innovating still have strong customer performance and financial performance. This phenomenon can be explained by their unique ways to create strong emotional bond with their key targeted customers. Mr. T. T., general manager of resorts S.V explained that:

“[...], and more than 70% employees stay with us for more than 3 years. Thus, they know how to contribute the best to both our customers and to the firms. They understand clearly the way company works and autonomously know how to help customers with their issues or enrich the customer experiences by their special expertise or their network of experts within the companies.”

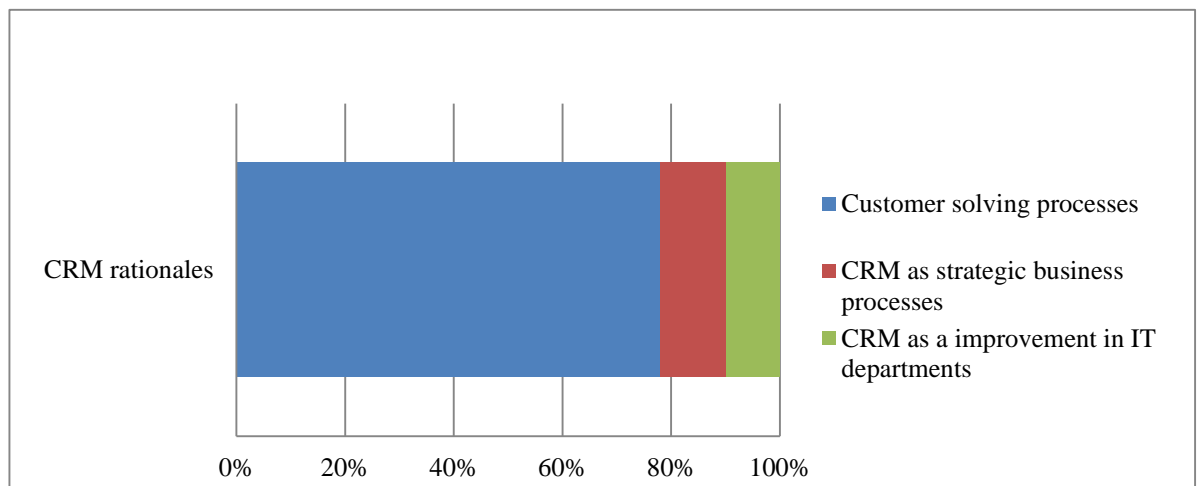


Figure 4.7: Proportion of surveyed SMEs according to CRM rationales.

Source: own research

Clearly, human factors have risen as a critical factor for successful CRM implementation. Specifically, the embedded know-how and knowledge in employees and managers play the decisive roles in transferring the CRM efforts in to superior customer performance and financial performance.

➤ CRM antecedents

Knowledge management

Asking most of the managers and executives, they truly regard the knowledge and know-how in service industry, especially in tourism industry, as the most valuable assets. However, there are differences in types of knowledge which managers would like to exploit to build up their competitive advantage. Mrs. D.V., who has just been appointed as the general manager in hotel H.L., urges that the first thing she would like to change when she first came to the hotel is the way how it captures and uses knowledge as she noted:

“When I first came here, [...] knowledge is not the focus here, especially tacit knowledge about customers and markets. Then, we started to establish business processes for capturing important customer information and extracting knowledge for supporting decision making.”

Hotel H.L. is among very few cases which put their focus on capturing tacit knowledge about customers with official business processes. Most of other firms, regardless of size and their resources, pay more attention on training employees about explicit knowledge on their necessary skill sets. In addition, only two companies which are medium-size resorts emphasized the importance of knowledge about markets, macroeconomics and competitors in their process of decision making. Other managers mostly based on their judgments, experiences or their entrepreneurial capability to look for the changes in market

trend and structures. Mr. M.H., who is general manager of one of the two mentioned companies argued that judgments is too subjective and they need other learning mechanisms to help with essential decision in customer and business strategy; he said:

“We realize the important [...] and knowing the right things to serve customers is much more important on how effective we serve them. For achieving this, all information and knowledge extracted about not only customer but also markets, competitors, regardless of facts or concepts need to be collected and filtered. We do it through many channels and through many departments.”

It is not surprise that these two companies are among the few companies which pursue the strategic CRM implementation and having superior customer and financial performance. Not only the range of knowledge is wider for implementing strategic CRM, but also the knowledge is much more accessible to the real users. The tacit knowledge which is required for competing with competitors is certainly crucial in any SMEs but the way employees can access it might make the differences in customer and financial performance. In smaller companies and some of medium companies, only top management team and sale departments are accessible to the tacit knowledge about customers. The knowledge sharing practices mainly from direct encounters between employees and the sources of knowledge occasionally. Therefore, it depends much on attitude of individual employees to possess the knowledge required for satisfying customers. This practice limits the usefulness of customer knowledge because it is not transfer smoothly and frequently to the real users, employees, who encounter often and directly with customers. When employees lack necessary knowledge or unknown where to find the sources of knowledge, they are much more conservative in their actions to enhance customer experiences. Thus, the emotional bonds between companies and customers are very weak. Mrs. Ch., customer care executive in medium size travel agency F.D said that:

“Customer usually [...] and on some occasion, they want me to consult the details in services and products in some other departments. I really need the expertise from other colleagues, but there is no clue who specifically I should contact for a particular problem. [...]. We work too independently from each other.”

Through our analysis, the knowledge sharing depends largely on the customer strategy and the willingness of top managers. The willingness of top managers if communicated effectively can build the company culture where employees understand why they need to cooperate with each other to satisfy customers. Moreover, contrasting with usual norms in business, the financial resource is not

the crucial constraint here for building the effective knowledge sharing practices. Mr. V.D., general manager in medium-size resorts S.H. explained that:

“We are not ambitious with our knowledge sharing system. We use very basic tools such as email, memo, log book, chat group, internal network for communicating with each other and between departments. These don’t cost a big amount to invest. [...] we encourage employees to use it in the right manner and repeat it frequently enough until they form the habit to use them to easily know where to find the people they need for specific problems to satisfy customers.”

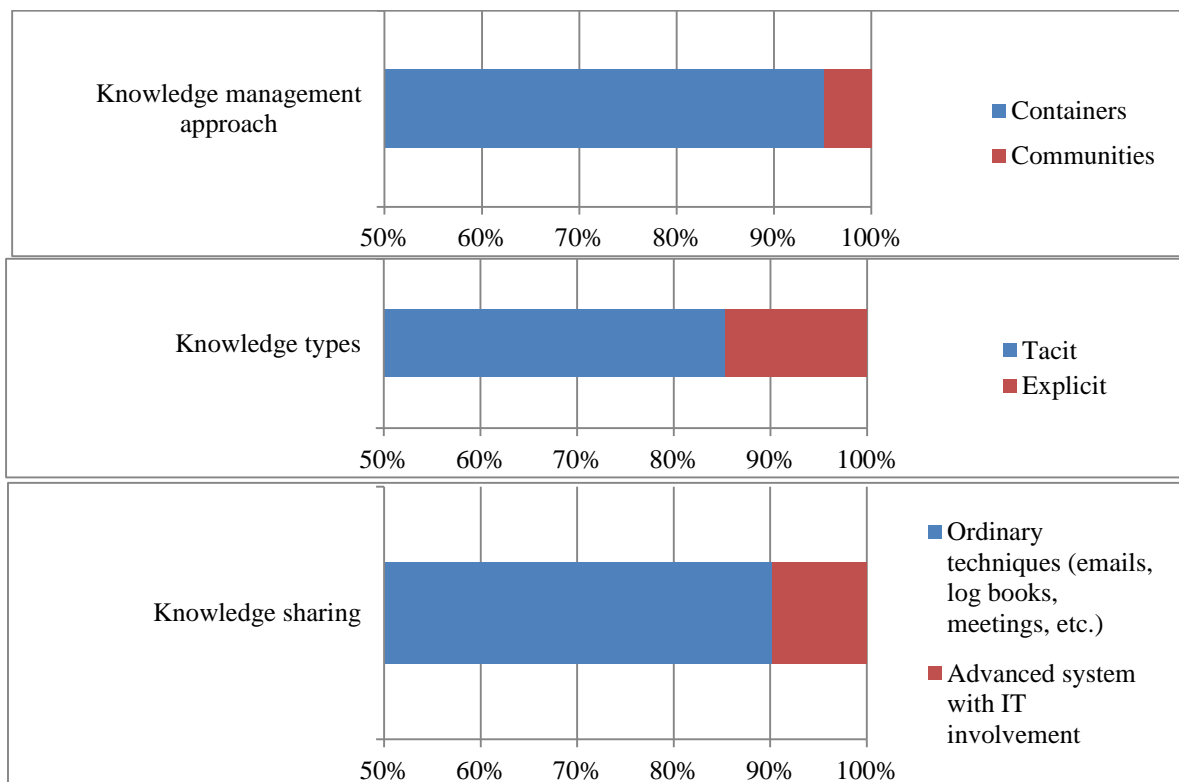


Figure 4.8: Proportion of surveyed SMEs according to KM approaches. Source: own research

As a conclusion, KM in surveyed SMEs is still in their infancy stage which focuses mainly on capturing explicit knowledge and developing means of storing and transferring KM. Only very few exceptional SMEs in the survey has attempted to build the communities of KM or the culture where people across the enterprises are willing to share know-how and experiences to each other as presented in Figure 4.8. Especially, the success of KM in CRM depends very much on the CRM approaches and commitment of managers which then are translated into specific policies promoting the capturing and sharing of

knowledge. Furthermore, the techniques for knowledge sharing in SMEs don't have to be very sophisticated to be effective.

Strategic CRM organization and CRM technology infrastructure

The main question for addressing in this part is: “what are the factors in the strategic CRM organization and CRM technology infrastructure that support CRM implementation in SMEs?” As suggested from the literature reviews, the in-depth interviews focused on three aspects of strategic CRM organization which are: the CRM strategy, the design of organizational structure and the commitments of top managers in CRM implementation. Moreover, the CRM technology infrastructures supporting for each CRM strategies were also explored.

The differences in CRM rationales and business strategies also lead to different CRM strategies among SMEs in the survey. Through deep interviews and observations of 41 tourism SMEs in the sample, three CRM strategies and their related strategic factors can be formulated. The descriptions of three different CRM strategies including their components, objectives, and targeted customers are summarized in Table 4.2.

Table 4.2 CRM strategies in SMEs in tourism industry.

CRM strategies	CRM components	CRM objectives	Targeted customers
1st: Individual relationships CRM used by most of small tourism firms.	Individual contacts by managers, sale teams; tacit customer knowledge.	Keep in touch with the key customers and consult with them for designing offers.	Domestic customers travel in big groups who usually use tourism agency to make the plan of travelling.
2nd: Customer service CRM used by most of medium-size tourism firms.	Basic CRM software and analytical tools; customer information is collected; stored and transferred by customer service personnel.	Customer satisfaction improved by added value to customer service using customer information.	Domestic and foreign customers travel in big and medium groups but with higher standard of service, products; individual customers or family seeking

			for leisure holiday.
3rd: Cross-functional CRM used by some innovative and active medium-size tourism firms	Sophisticated CRM software; multichannel management; analytical tools; common panel for assessing customer information; sale automation.	Treating customer on individual basics based on their preferences; CRM insights are used in marketing, customer services and sale tasks.	Individual customers or family in small groups seeking for leisure holiday and design their own travel plan.

Source: own research

Out of the 41 in-depth interviews, there are three combinations of customer strategies, strategic CRM organization factors and technology infrastructures that emerged to be the main themes. The first CRM strategy, so called “individual relationship”, is implemented by mostly small tourism firms which have 10-50 employees and some of medium-size firms which have 51-150 employees as presented Figure 4.9. This CRM strategy is mostly based on the individual relationships between the top management team and key customers. Sale managers and sale teams will use their individual relationships to keep in touch with key customers and understand their demands. The customer knowledge of this strategy is based mainly on the tacit knowledge and experienced from some of executives in the firms. They are the only main resource to collect and transfer customer knowledge to other employees if necessary. In these organizations, the traditional functional organizational structure is the main approach. Only top management team and sale team in the most cases are responsible for customer engagement. There is no evidence of cross-functional teams. Moreover, the top management team considered CRM is not the key business processes but they considered their individual rapports with key customers are the most essential for their organizational successes. Usually, the key customer knowledge is stored in the know-how and experiences of top managers. This leads to very little resources spending on technology infrastructures for collecting, storing and analyzing customer information and business intelligences. Very ordinary communication technology is used in these organizations such as emails, websites and spread sheet processing software (Microsoft Excels) for capturing and preparing reports on customer’s performance. Especially, they don’t have the intranet for sharing information online and in the real time within their organizations.

The second CRM strategy, “customer service CRM”, is implemented by most of the medium-size firms which use some basic function of CRM technology. The data of customer is collected through mainly sale team and customer service personnel and stored with the support of hotel management software with basic CRM function integrated and utilized. This allows these firms to access to more completed knowledge about customers and through more channels. Customers/customer segment are differentiated and treated more heterogeneously by all employees. Because approaching CRM as the processes, the organizational structures in these SMEs are more flexible in term of the boundary between functional teams. The evidences of the cross-functional teams is now much more clear by the collaborations between front-office teams (customer services, sales, receptionist) and back-office teams (food and beverage, maintenance, room services, accounting). The most obvious evidence about the flexible organizational structures is about the flow of information within these organizations. The customer knowledge is more accessible to employees at the lower level in the hierarchical structure through regular meetings between departments for reviewing customer feedbacks. There is a common log books in hard copy and electronic versions which all the information related to customer services are recorded and can be accessed by all employees when necessary. These capabilities are enable by the intranet within the organizational where employees can access to the necessary information within their delegations.

The third CRM strategy, “Cross-functional CRM” is implemented by some of the medium-size firms which are usually new and most innovative players in the market. They apply the standardized and some of the best practices of CRM from large firms into SMEs in creative way by designing their own CRM software and analytic capability. The most important factors distinguishing this group with previous two CRM strategy is the ability to collect, store and transfers customer knowledge and customer-oriented philosophy to all employees at all levels in their firms. This is enabled by using sophisticated CRM software to achieve the “analytical CRM” capability. CRM insights are used not only for customer services but also for most of the key business processes in firms such as marketing, sale and support business decision making by top managers. Connecting by the same goals of defining and maintaining the most profitable customers, the cross-function teams are constantly formed for conducting projects for customizing the service and products offered for particular customers or customers segments.

The Table 4.3 and Figure 4.9 presented the key characteristics about the different organizational factors and used technology infrastructure according to different customer strategies in surveyed SMEs in tourism industry.

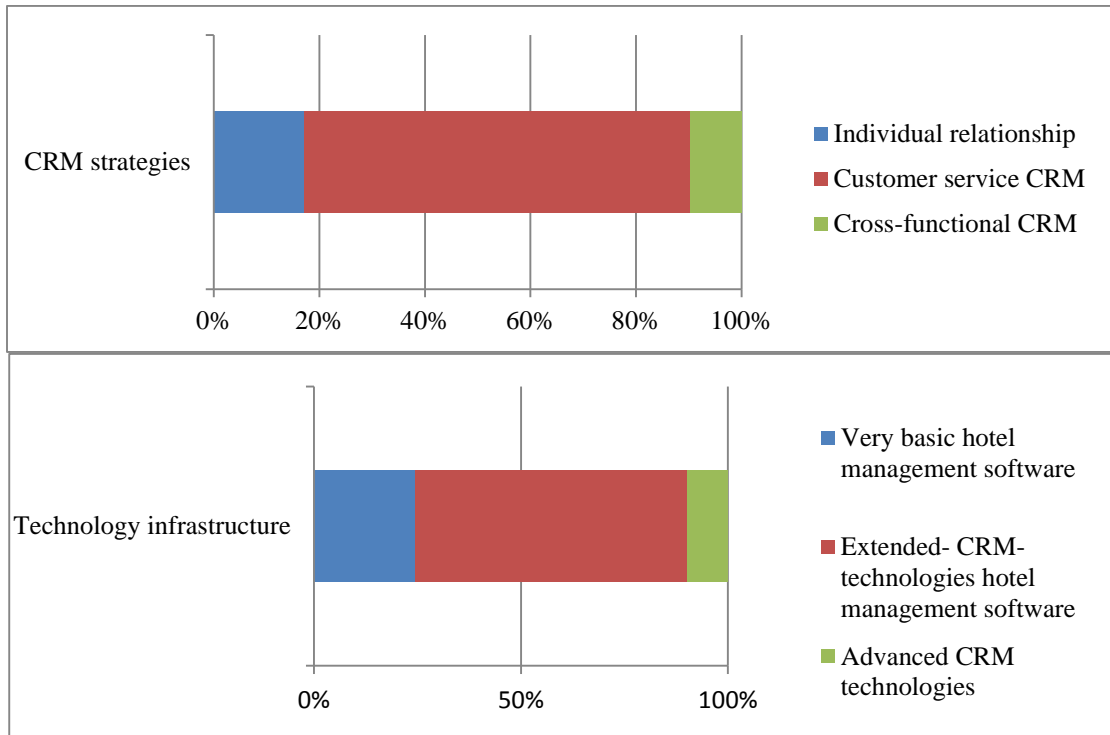


Figure 4.9: Proportion of surveyed SMEs according to CRM strategies and technology infrastructure. Source: own research

Table 4.3 Key characteristics about the different organizational factors and used technology infrastructure.

Customer strategies	Organizational structures	Commitment efforts	Information technology
1st: Individual relationships CRM used by most of small tourism firms.	Functional organization structure. Each department work in silo and very weak collaborative opportunities between them.	Top managers commit to individual efforts to initiate and maintain relationships with customers.	Basic functions from hotel management software (bookings, occupancy management, check in, check out). Email and offline meetings for communicating between departments.
2nd: Customer	Flexible	Top managers	Some specialized

<p>service CRM used by most of medium-size tourism firms.</p>	<p>functional organizational structure making the collaborations between back and front offices smoothly. They share common information constantly then it is very easy for working together. However, customer-problem solving is still the main approach.</p>	<p>commit to make the flow of information, especially knowledge about key customers, reach to the end users of the information. Top managers usually become the hub of information and direct the knowledge sharing across the departments.</p>	<p>CRM technologies are added to the basic hotel management software such as: data warehouses, cloud-based applications or customer profitability reports.</p> <p>Intranet is added to be the main communication channels between departments and employees.</p>
<p>3rd: Cross-functional CRM used by some innovative and active medium-size tourism firms</p>	<p>Cross-functional teams is the main business units which constantly run CRM projects for customizing products and services for key customers.</p> <p>Proactive customer relationship management approach</p>	<p>Top managers commit to advanced CRM technology for achieving the analytical powers of customer data.</p>	<p>Advanced CRM technologies such as data warehouse, data mining, marketing project management or sale processes empowered.</p> <p>Very detailed reports about all operational and customer processes are supported.</p>

Source: Own research.

➤ **Change-mechanism in CRM**

The next interested topic is about the question: “How the CRM programs in surveyed SMEs evolve when changes are necessary? Within the scope of this investigation, because of the limited access to information and resources, this question is addressed by only seeking the adjustments in CRM program and the

factors leading these changes when surveyed SMEs face with the disruptive changes happening in the business environments.

From the in-depth interviews, there are clear two patterns which can distinguish the surveyed SMEs in term of change-mechanism in CRM. The first pattern is that most of the surveyed SMEs did change their business strategy and customer strategy for encountering the disruptive changes in business environment to some extent. Only three SMEs kept all the business activities and customer strategy the same. In particular, 2 SMEs are the medium-size 3-star resorts and another one is the small-size 2-star tourism site. Explaining for this phenomenon, Mr. T.M., general manager of a medium-size 3 star resort noted that:

“We realized that changes are necessary that can lead to [...]. However, the owners of the resort didn't think that the resort should change at all considering that the changes in the markets are still unclear that they are long-term or short-term ones. It has been a very long time since we have run this kind of business models and offered set of particular products and services. The owners are afraid the uncertain outcomes when changing. We cannot do anything without the supports of the owners.”

Furthermore, the SMEs which have taken actions for changes had very different ways for undergoing them. In one hand, most of the rest SMEs have used aggressive price strategy as their priority in adjusting the customer strategy as presented in Figure 4.10. They lowered the room rates by promotions or direct room rates deductions offered to their partners and customers. The by-product of this strategy is that they unintentionally attract more unprofitable customers who spend very little in extra services other than the cost for accommodation. This leads to more deterioration in financial performance in these SMEs. Then they will have to cut the spending for customer services which make the CRM quality decrease significantly. Other groups of SMEs added more products and services to their offers hoping that will attract more customers. However, they did not specify the customer segments they are targeted on. These two approaches are usually considered as growth-seeking strategy by which firms are keen on seeking everywhere for opportunities to sell more products and services. However, the right to win in these opportunities is usually not available to these SMEs. For example, with the fast expansion of middle class ever in Vietnam, domestic travellers are currently considered as the best segment for growing in tourism industry in Vietnam. Therefore, some surveyed SMEs which originally designed for serving foreign tourists are distracted by this opportunity. However, they are not efficient and effective enough to be profitable with their

current business models for high quality services and products for foreigner customers. On the other hand, there are very few SMEs that prioritize changes in customer's services and products offered to the key customers. These few exceptional SMEs are mainly medium-size 4-stars resorts that are popular for their ability to refresh themselves even there is no disruptive changes in the markets. Therefore, when there are disruptive changes, all people in these SMEs from top managers to employees are ready and keen on taking quick and new actions for dealing with the difficulties. As noted by Mr. A.V., general manager in a 4-star resort with 130 employees, the actions for changing came naturally:

“Of course we all need to put much extra efforts into the new programs for dealing with the big changes in the business environment such as expanding to new market. However, we are already flexible enough to move quickly and take the risky actions for achieving the new sets of services or capabilities.”

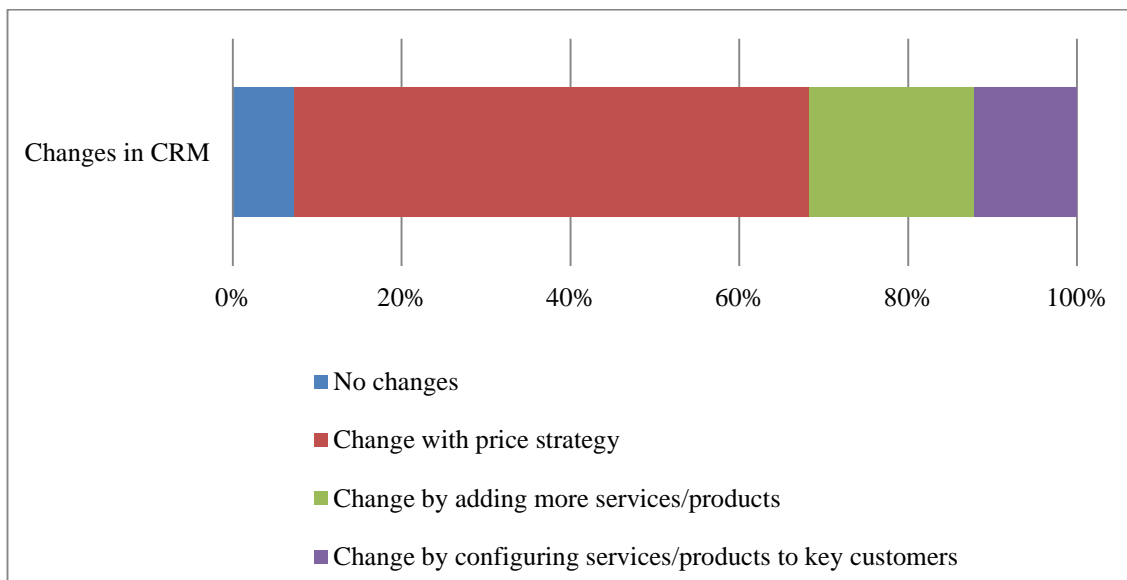


Figure 4.10: Proportion of surveyed SMEs according to changes in CRM program for adapting with new business environment. Source: own research

The second observation is about the factors which initiate, facilitate or instruct the changing processes in CRM implementation in SMEs. There are two distinctive groups among SMEs that have taken action for CRM adaptations regarding the pace of changing as presented in Figure 4.12. The first group that consists of most of the SMEs has followed the disruptive or discontinuous change strategy. On the other hand, few other SMEs in the second group have chosen the incremental change strategy for governing the evolution of their CRM implementation. In the first group, SMEs have reacted to the disruptive changes in the business environment by initiating the significant changes in their

offers to customers and partners such as big promotion and sharp price cut. One 4-star resort in this group encountered the drastic decrease of one key customer segment by even increasing the room capacity to serve other segment of customers. However, the change in targeted customers did not align with its long-term business strategy and the established business processes. As a result, the new targeted customers who are domestic customer who travel in large group cannot be profitable for the resort. Asking the reasons and the grounds for these change decisions, the main themes has emerged that they are all based mainly on the urge of mitigating the deterioration of the current financial results. Thus, SMEs in this group chose to increase the sharp declined number of customers by dramatically reducing price to attract more customers or suddenly turn around to other group of targeted customers who are easier to attract and acquire. However, rather than the customer segmentation and price strategy, other practices of managements and other business processes are unchanged.

In contrast, few other SMEs in the second group based their changing actions not on the short-term deterioration of financial results but instead on their capacity to change. The term “capacity to change” refers to the SMEs’ ability to direct the changes in all business processes at the same time to achieve new business model to some extent. Looking at each business process, there was no disruptive changes at one time. However, combining all the incremental change in all aspects of the business model, these SMEs have moved their organizations to proactively adapt with the changes in the market, even with sudden and disruptive changes in the market. Because they are constantly trying new approaches and ways to improve their business processes, they gradually build their agile capacity for moving very quickly from one business model to another one, from serving one group of customer to another group of customer. However, the most important aspect is that they commit to their identity and core business process where they have the competitive advantages. In other words, they defined the changes toward improving their competitive advantages or at least keeping them from the threats of other competitors. Apart from the first group, the priority in this second group is about the competitive advantages rather than the customer or financial results. As a result, the changes in these SMEs are usually results in creating new or improved services and products rather than just about adjusting particular aspects. Mr. V.N., general manager of one 4-star resort in the second group, commented that:

“We did not have any significant changes in any business processes in our resort. However, this year, we have so far introduced to our employees four new projects to work on. They are [...]. Two of four projects resulted in new products offered to our customers. The other two was unfortunately failed. The new products and services are

actually not innovative in the way that could create outstanding results. But we overcome the new product launched made in last year. The importance thing is that we did try over and over again to be fresh to our customers.”

However, there is also other combination of change strategies and the focus of changes among surveyed SMEs as presented in Figure 4.11. Except the two main combinations as described above, there are two more combinations. One SME in the survey governed the change in CRM by using discontinuous change for creating new competitive advantage such as updating the new version of CRM software and started to use the Data warehouse for storing and analyzing customer information for new knowledge. Some few SMEs created the change in CRM implementation by incremental changes overtime for mainly acquire as much customer as possible such as adding more products and services. This strategy is used mainly by new SMEs in the market whose main objective is to expand market share as much as possible.

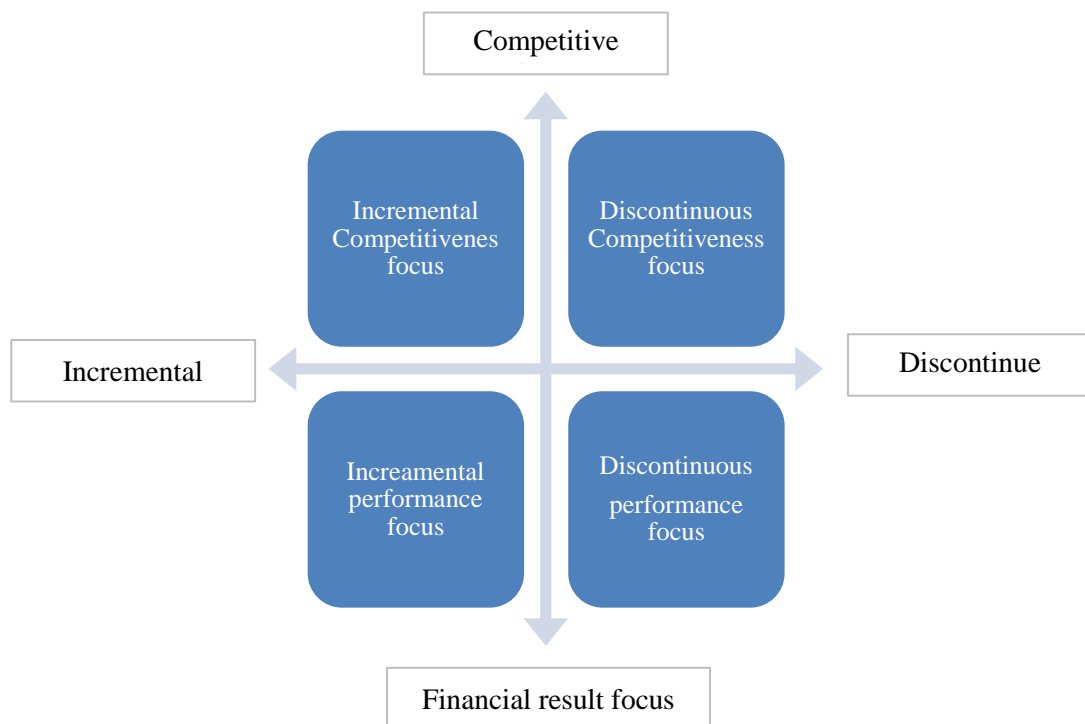


Figure 4.11: Types of change approaches in CRM implementation among surveyed SMEs. Source: own research

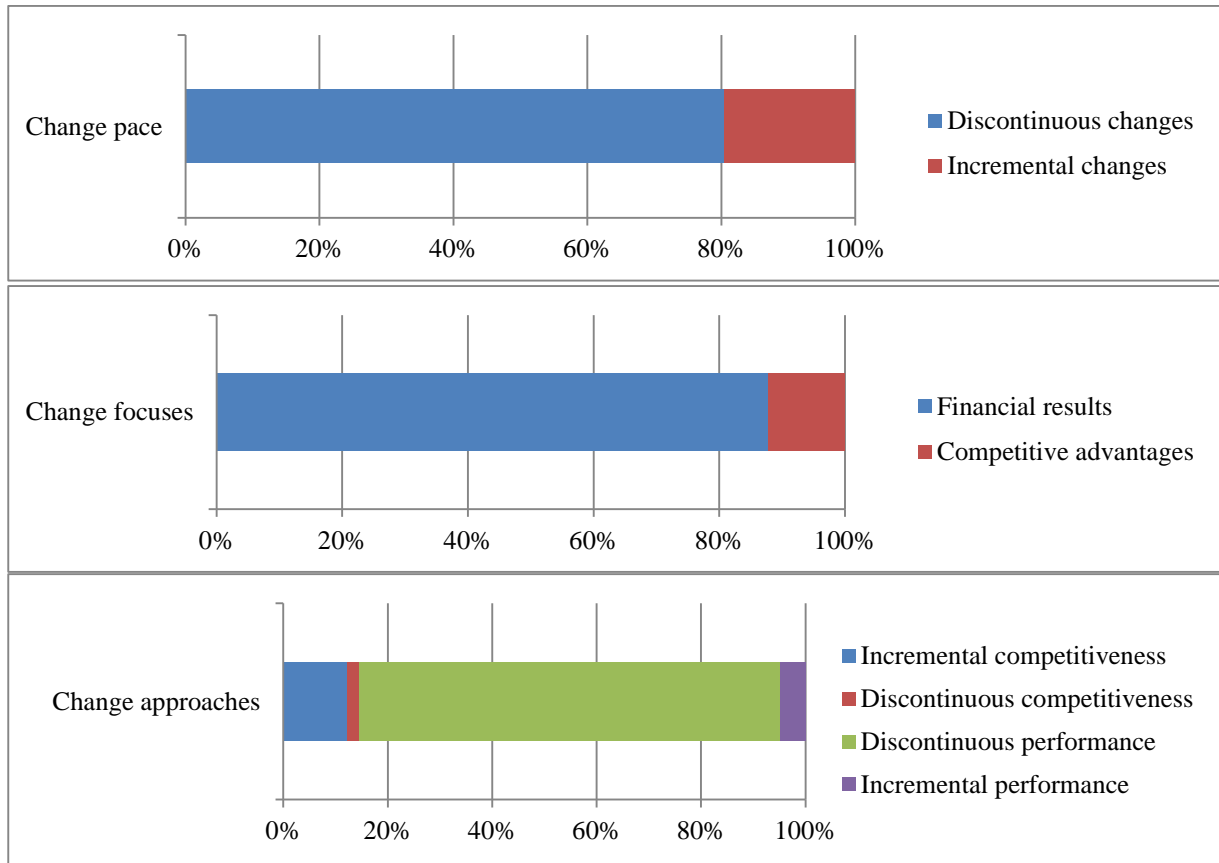


Figure 4.12: Proportion of surveyed SMEs according to change pace, change focuses and change approaches in CRM program for adapting with new business environment. Source: own research

As suggested by the previous part, the first and foremost thing for defining the change approaches in SMEs is about the commitment of the top managers and the owners. Because all the changes will highly cost and the outcomes are uncertainty, they need to have the nerve to accept both successes and failures of the changes to create the habits of agility overtime within the organization. The other factor that considerable influences change mechanism in surveyed SMEs is the performance measurement system (PMS) which support the decision making process. For instances, SMEs which choose the “discontinuous performance focus” change approach use mainly the traditional accounting system for tracking their performance. On the paper, they track the customer satisfaction; however most of them cannot show the evidences about storing, processing and using these customer satisfaction records for strategically improving customer services or products. They use it mainly for solving the complaining from customers and for employee assessment. Alternatively, SMEs which choose to focus their change mechanism on competitiveness depends very much on their PMS to report and derive valuable customer knowledge. They are able to translate the derived customer knowledge into daily business activities

which support and fit with their strategic business objectives. For example, one very important tasks in a 4-star resort is to weekly, monthly and quarterly reviewing the customer feedbacks from both online and offline channels to filter out the main themes of the customer comments for designing the new business processes or innovating current services and products. Another example is one SME who possessed very powerful CRM software which support the detailed reports about customer transaction histories with the organization and the cost associated to these customers. From these data, they can calculate the approximations about the profitability of each customer or customer segments in the resort. These financial measures about each customer/ customer segment give the managers reasonable assumptions for deciding the necessary actions in order to keep the profitable one and divest from the unprofitable one. Figure 4.13 presented the proportion of surveyed SMEs according to their PMS characteristics.

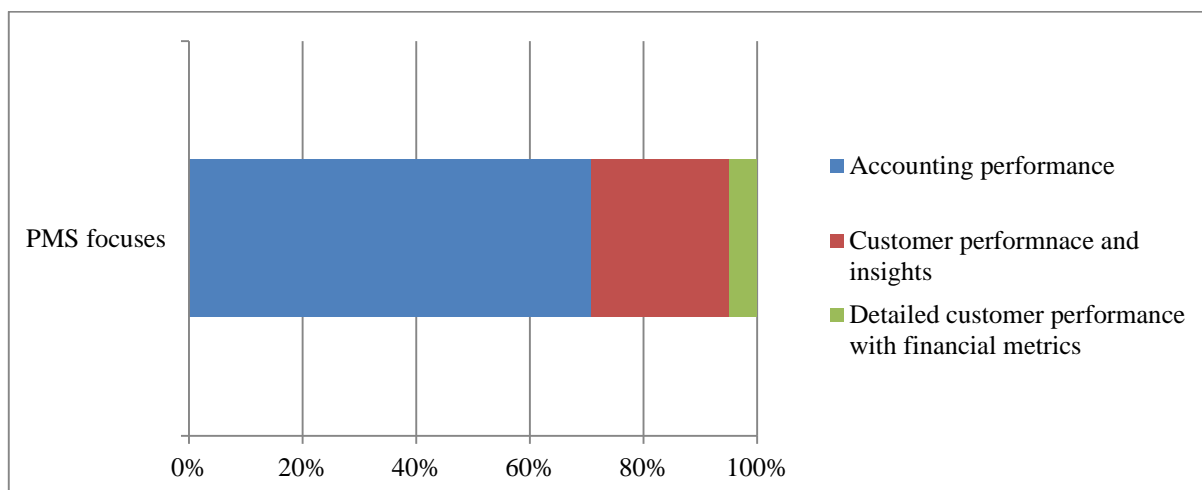


Figure 4.13: The proportion of surveyed SMEs according to their PMS characteristics. Source: own research

4.1.4 Summary

As a conclusion, Table 4. 4 summarized the emerged themes from the survey of SMEs in Vietnamese tourism industry.

Table 4.4 The emerged themes from the qualitative survey of SMEs in Vietnamese tourism industry.

Topic	Themes
CRM rationales	<ul style="list-style-type: none"> - Most of the SMEs use CRM for solely customer services processes and for supporting the customer problems solving (Figure 4.7). - There are few exceptional SMEs in the survey that

	<p>pursue the CRM approach as strategic business philosophy for configuring all the business process (Figure 4.7). These SMEs have above-average customer and financial performance.</p> <ul style="list-style-type: none"> - Knowledge management is the most distinctive capabilities to enable the strategic CRM implementation. - Human factors are the most difficult one to achieve for CRM success.
<p>Knowledge management</p>	<ul style="list-style-type: none"> - KM in surveyed SMEs is still in their infancy stage which focuses mainly on capturing explicit knowledge and developing means of storing and transferring KM (Figure 4.8). - Only very few exceptional SMEs in the survey which have enjoyed very good customer performance has attempted to build the communities of KM or the culture where people across the enterprises are willing to share know-how and experiences to each other to satisfy customer (Figure 4.8). - The means for knowledge sharing in surveyed SMEs don't need to be very sophisticated to be effective. It is more about the commitment of employees and managers to use available tools for transferring knowledge to the end users.
<p>Strategic CRM organization</p>	<ul style="list-style-type: none"> - There are three different CRM strategies implemented by different types of SMEs in the surveyed: Individual relationships CRM, Customer service CRM and Cross-functional CRM (Table 4.2). - Among them, Customer service CRM is the one implemented by most surveyed SME (Figure 4.9) - Huge commitment from the top managers for implementing CRM is the first and foremost factors separating these groups. - The evidences of cross-functional teams are what distinguish these CRM strategies. The "loose functional organizational structures" are the most implemented by most surveyed SMEs. In this type of organization structure, each function is owned by each department but it also emphasizes the collaboration between different departments for running the Customer service CRM. - The looser the organizational structures are, the more information and knowledge are smoothly transferred

	across the organization.
Technology infrastructure	<ul style="list-style-type: none"> - Most of the surveyed SMEs implemented very basic technologies for information and communications management across the enterprises (Figure 4.9). - CRM technologies in most of surveyed SMEs extend the version of hotel management software and internet technologies for supporting the CRM program (email, website, customer profile in hotel management software, etc.) (Table 4.3). - The intranet is important for knowledge sharing and CRM success within surveyed SMEs. - The analytical CRM implementation needs to be supported by advanced CRM technology. Very few surveyed SMEs are able to implement the advance CRM technologies (data warehouse, data mining, detailed reports and cloud-based).
Change-mechanism	<ul style="list-style-type: none"> - Most of surveyed SMEs did try to adjust their CRM implementation when necessary (Figure 4.10). - Most of the surveyed SMEs use aggressive price strategy or somewhat randomly add more services and products to serve more and new customer segments following the growth-seeking strategy (Figure 4.10). These SMEs are encouraged by the financial performance focuses and usually the view is in short-term. These SMEs are also used the discontinuous change strategy the most. - Few surveyed SMEs focus on competitive advantages when changing their CRM implementation (Figure 4.12). They usually don't change all at a time but follow the incremental change strategy. Changes in these SMEs are governed by their capability to change all the business processes gradually but simultaneously to fit them together for creating new capabilities and competences. The most innovative and profitable ones among surveyed SMEs fall in this group. - Again, commitment of managers and more importantly the owners are the decisive factors for choosing change strategies and focuses.
Performance measurement system (PMS)	<ul style="list-style-type: none"> - Most of surveyed SMEs are still depend on the traditional accounting PMS for their decision making processes (Figure 4.13). - SMEs which choose the competitive approach for

	<p>changing focus on the customer performance and insights when developing their PMS (Figure 4.13).</p> <ul style="list-style-type: none">- Advanced CRM technologies can enable few SMEs to define the profitability and value of each customer/customer segments in details for decision making in CRM activities.
--	--

Source: own research.

4.2 Quantitative Analysis of the Research Models

In this section, the quantitative analysis is designed and conducted for investigating the Research question 3 focusing on generalizing the causal relationships between key factors of the proposed comprehensive CRM implementation frameworks. Moreover, via this investigation, related factors which can support or block the success of CRM implementation are defined. Their influences on CRM implementation are elaborated as well.

4.2.1 Research models and hypotheses

The interrelationships between constructs are presented in the research models in Figure 4.14 and Figure 4.15. The research models presented two set of interrelationships between theoretical constructs suggested in pervious parts of this dissertation. Research model 1 presented in Figure 4.14 suggested the interrelationships between factors which constitute the comprehensive CRM implementation frameworks based on the unifying framework of sources of performance differentials. In this research model, the set of hypotheses were suggested based on the analysis in previous parts of this dissertation. Specifically, Strategic CRM organization, Knowledge management and Technology infrastructure were suggested to be the antecedents which positively influence the CRM activities. Moreover, Dynamic capabilities, Marketing capabilities and New product development capabilities as the Customer Agility dimensions were suggested as the mediating factors which transform the effects of CRM activities into firm's performances. In addition, this dissertation also posited that customer performance is necessary to be achieved first and is the direct determinant of firm's financial performance. As a result, these hypotheses are suggested and tested in the research model 1 in Figure 4.14:

Hypothesis 1: More developed Knowledge management practice is positively related to more developed CRM processes.

Hypothesis 2: More developed Strategic CRM organization is positively related to more developed CRM processes.

Hypothesis 3: More developed Technology infrastructure is positively related to more developed CRM processes.

Hypothesis 4a: Dynamic capabilities mediate the effect of CRM processes on the specific business processes as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 4b: Dynamic capabilities mediate the effect of CRM processes on the Customer value as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 4c: Dynamic capabilities mediate the effect of CRM processes on the Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 5a: Marketing capability is the mediating variable of the relationship between the CRM processes and Customer value as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 5b: Marketing capability is the mediating variable of the relationship between the CRM processes and Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 5c: Marketing capability is the mediating variable of the relationship between the Dynamic capabilities and Customer value as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 5d: Marketing capability is the mediating variable of the relationship between the Dynamic capabilities and Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 6a: New product development is the mediating variable of the relationship between the CRM processes and Customer value as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 6b: New product development is the mediating variable of the relationship between the CRM processes and Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 6c: New product development is the mediating variable of the relationship between the Dynamic capabilities and Customer value as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 6d: New product development is the mediating variable of the relationship between the Dynamic capabilities and Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 7a: Customer value is the mediating variable of the relationship between the CRM processes and Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 7b: Customer value is the mediating variable of the relationship between the Dynamic capabilities and Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

Hypothesis 7c: Customer value is the mediating variable of the relationship between the operating business processes including Marketing capabilities and New Product Development and Financial performance as following the CRM implementation framework adapted from the unifying framework of sources of performance differentials.

In other perspective, this dissertation also attempted to identify the external factors which support the success of the CRM implementation. Research model 2 in Figure 4.15 presented the influences of Performance measurement system on the relationships between CRM processes and the Customer value and Financial performance. Particularly, Performance measurement system was suggested to be the moderator which can facilitate or dampen the effects of CRM processes on Customer value and Financial performance. According to this approach, some hypotheses were formulated as following:

Hypothesis 8a: Performance measurement system is the positive moderator for the relationship between CRM Initiation processes with Customer value.

Hypothesis 8b: Performance measurement system is the positive moderator for the relationship between CRM Initiation processes with Financial performance.

Hypothesis 9a: Performance measurement system is the positive moderator for the relationship between CRM Maintenance processes with Customer value.

Hypothesis 9b: Performance measurement system is the positive moderator for the relationship between CRM Maintenance processes with Financial performance.

Hypothesis 10a: Performance measurement system is the positive moderator for the relationship between CRM Termination processes with Customer value.

Hypothesis 10b: Performance measurement system is the positive moderator for the relationship between CRM Termination processes with Financial performance.

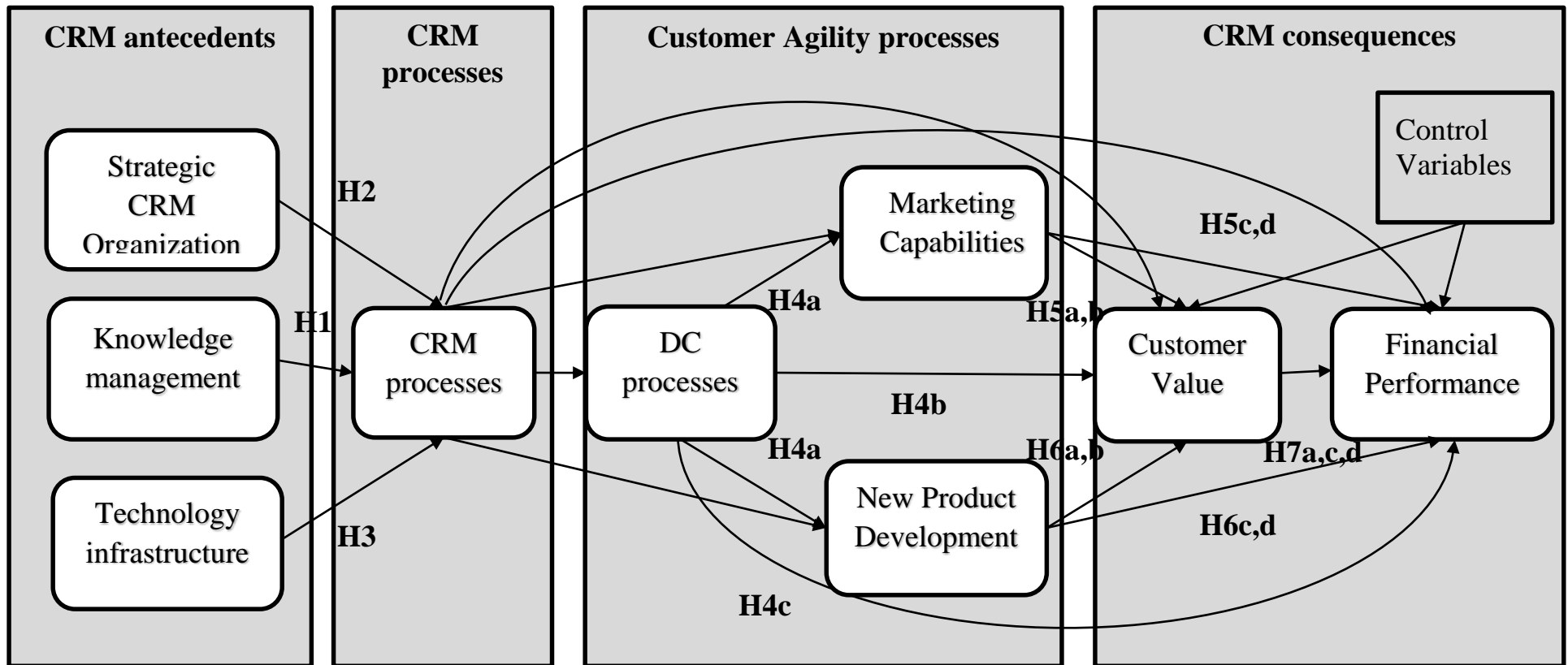


Figure 4.14: Research model for CRM implementation framework. Source: own research

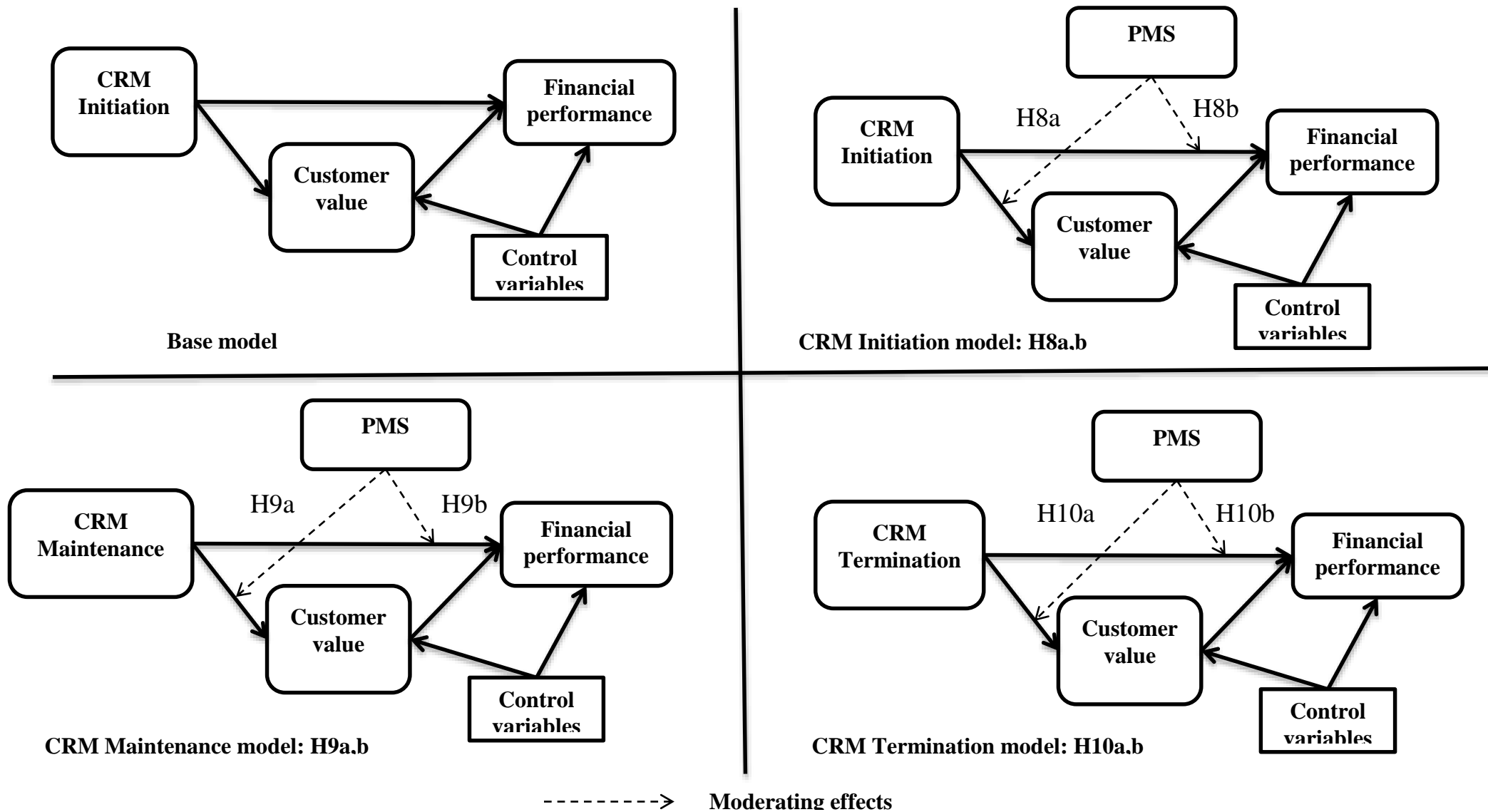


Figure 4.15: Research model for moderating effects of performance measurement system. Source: Own research

4.2.2 Analysis techniques

For testing the hypotheses about the interrelationships in the research model in the Figure 4.14, we used the Structural Equation Modeling (SEM) statistical technique. SEM techniques are general statistical techniques which can be viewed as the combination of factor analysis and regression or path analysis. SEM is widely used in behavioral sciences because it provide a sophisticated approach for modeling and estimating the casual relationship between theoretical constructs which are mainly represented by the latent variables or unobservable constructs. In addition, SEM can be used as a more powerful alternative to multiple regression analysis and path analysis for examining the complex interrelationships between constructs which consist of multiple direct and indirect relationships like in our research models. The advantages of SEM compared to multiple regressions and path analysis include more flexible assumptions and allow the interplay between theory and data. SME can allow the interpretation even in the face of multicollinearity; use of confirmatory factor analysis to reduce measurement error; test models overall rather than testing coefficients individually; test models with multiple dependent variables; model complex causal paths taken by mediating variables. As a result, these advantages together make SEM technique widely used in researches which are interested in the complex relationships between theoretical constructs. This study is not an exception from this issue. However, in this study, partial least square approach to SEM (PLS -SEM) for structural path estimation was used. PLS-SEM is favorable for this study because of its strength in prediction over the confirmation approach of covariance-based SEM (Fornell & Bookstein, 1982). PLS is also robust when the distribution of data is not normality and even if the error terms of indicators or constructs are not normally distributed (Chin, 1998), which is usually the case for empirical study using questionnaire as the main data collection instrument like in this study. Another crucial rationale why choosing PLS-SEM for this study is that the main objectives of this study are more interested in accounting for the latent variables variances and their relationships rather than the observed indicators. Small sample size is also an issue which can be mitigated by using PLS-SEM in this study. In order to perform PLS-SEM, SmartPLS 3.0 application was used in this study.

For evaluating the hypotheses about the interrelationships in the proposed CRM implementation framework, Chin's (1998) recommendations were followed. First, because of the fact that this study is based on the collected data from an self-administrative questionnaire, the Common Method Bias test is necessary to see if there is unobserved common factors that affect the data collected. Second, the reliability and validity analysis are performed for the measurement model to assess the measuring ability of the used items for the theoretical constructs.

Third, the structural models are evaluated to test the hypotheses about the interrelationships between the constructs. The path coefficients estimated in PLS structural model can be interpreted similar to the standardized beta weights in multiple regressions. Then, the bootstrapping technique is employed to test the significant of direct effect and indirect effect between constructs which reinforce test of the mediating effects of a variable.

For testing the moderating effects of Performance measurement system on the relationship between CRM processes and firm's performances, the moderated regression analysis (MRA) is used to test the proposed moderated relationships in the research model presented in Figure 4.15. The MRA is executed by also using SmartPLS 3.0 as the proposed moderating effects. In particular, the moderating two stage approach was used in this analysis. First, all the investigated factors are mean center. Then, the product terms of the predictors and the proposed moderators are calculated for each case and used as the variables for testing the moderating relationships. The regression coefficients of these product terms are tested to determine whether moderating effects are statistically significant via the bootstrapping procedure in SmartPLS 3.0.

4.2.3 Construct operationalization

All the theoretical concepts mentioned in this study cannot be measured directly. Therefore, for operationalizing these concepts, we treated them as the latent variables or unobservable constructs which were indirectly measured through their observable indicators. Then these indicators were measured through a standardized questionnaire as the main data collection instruments in which each indicator was an item on the questionnaire. We used the reflective measurement model in this study because the indicators are assumed to be the manifestations of their underlying latent variables (Bagozzi & Baumgartner, 1994). In general, managers in SMEs in tourism industries in Vietnam are asked to give their agreements or disagreements with the statements which are designed to be the indicators for measuring the interested concepts in the study. Respondents give their assessments for each statement through 7-point Likert scale with 1 to indicate "strongly disagree" and 7 to indicate "strongly agree". All the measures used in this study are adopted from existing literature. They were modified and translated to make it suitable to the context of this research. On the processes of modification and translated from the original English into Vietnamese, we consulted with 3 managers which are responsible for marketing in tourism firms in Vietnam to make sure that the translation and modification keep the original meanings of the measurement scales intact. From the consultations with these managers, some of the items were modified to be more understandable with the managers in SMEs in Vietnam. In addition to the mentioned constructs, we also measured two variables as the control variables which are number of employees

and number of customers for controlling the size-effect to the structural relationships between the constructs. In general, there were 10 theoretical concepts operationalized for this quantitative analysis which were: Strategic CRM organization (ST); Knowledge management (KM); Technology infrastructure (TECH); CRM processes including CRM initiation (INI), CRM maintenance (MAI) and CRM termination (TER); Customer Agility including Dynamic capabilities (DC), Marketing capabilities (MAR) and New product development (NPD); Customer value (CV); Performance measurement system (PMS) and Perceptual financial performance (FP). The measurement instruments are described and their sources are presented in the Table 4.5 below.

Table 4.5 Measurement instruments and sources of the theoretical concepts.

Constructs	Descriptive for measurement items	Literatures from which items are adopted
Strategic CRM organization (ST)	6 questions measure two aspects of strategic organization factors: customer-centric organizational cultures and customer-centric management system.	Chang, Park and Chaiy (2010)
Knowledge management (KM)	8 questions measure three aspects of knowledge management: Knowledge codification practices, knowledge sharing, human capital development and retention.	Cohen and Olsen (2015)
Technology infrastructure (TECH)	8 questions measure three aspects of technology infrastructure: IT support for knowledge management, IT infrastructure capability and CRM technology capability.	Reinartz, Krafft and Hoyer (2004) and Bharadwaj (2000)
CRM initiation (INI)	8 questions measure multi-facets of activities for initiating relationship with customers such as: measuring potential customer value, activities to acquire customers.	Reinartz, Krafft and Hoyer (2004)
CRM maintenance	8 questions measure multi-facets of activities for maintaining relationship with customers such as: measuring	Reinartz, Krafft and Hoyer (2004)

(MAI)	customer value, activities to retain customers, activities to manage up-selling and cross-selling.	
CRM termination (TER)	3 questions measure multi-facets of activities for terminating relationship with customers such as: identifying non-profitable customers, divesting non-profitable customers.	Reinartz, Krafft and Hoyer (2004)
DC processes (DC)	<p>13 questions measure two constructs of DC processes: Regenerative (REG) (6 questions) and Renewing (REN) (7 questions).</p> <p>Regenerative capabilities (REG) enable firms to move away from previous change practices and adopt new forms of organizational change which include Reconfiguration, Leveraging and Learning.</p> <p>Renewing capabilities (REN) help firms to modify its resources base to identify and exploit opportunities which include sensing and seizing, knowledge creation, knowledge integration.</p>	Makkonen, Pohjola, Olkkonen, and Koponen (2014)
Marketing capabilities (MAR)	5 questions measure two aspects of marketing capabilities: Marketing planning capability and Marketing implementation capability	Vorhies and Morgan (2005)
New product development (NPD)	4 questions about the performance of new products in term of their contributions to total revenue and profitability.	Ernst, Hoyer, Krafft, and Krieger (2011)
Performance measurement system (PMS)	5 questions measuring the extent to which a firm satisfies five criteria about CRM performance measurement systems including: customer perspective, causal	Kim and Kim (2009)

	relationship, manifold perspective, antecedent elements and perceptual factors	
Customer value (CV)	3 questions about customers satisfaction, delivered value and Retaining valued customers	Reimann, Schilke, and Thomas (2009)
Perceptual financial performance (PF)	Perceptual financial performance measures include 4 questions measure the perceptual firms' performances comparing with their key competitors.	Reinartz, Krafft and Hoyer (2004)
Control variables	2 control variables about number of employees and number of customers	Own research

Source: Own Research.

4.2.4 Data collection

For testing our hypotheses, a survey was developed and administered to managers in small and medium enterprises (SMEs) in tourism industry in Vietnam. Tourism industry is service dominant industry. Thus, firms in tourism industry have been attempted to use CRM program extensively for building customer relationship to many extents. Tourism industry has been playing an important role in making new jobs and contributing in the growth of GDP in Vietnam in recent year. From the period 2010-2014, tourism industry contributes about 4.5% of total GDP and is forecasted to grow by 6.6% per annual (Telfer & Sharpley, 2015). More importantly, tourism industry constantly has been one of the leading industries in creating new jobs. In 2014, the total employments (about 4 million jobs) in tourism industry accounts for 7.7% in total employment in Vietnam according to The Vietnam General Statistics Office. With the significant contribution to the growth of the economy, tourism is being one of the focused industries for developing and innovating. Furthermore, most of the firms in tourism industry are small and medium size. Therefore, tourism industry is served as rich and appropriate context for the objectives of this research.

The sample of SMEs in Vietnamese tourism industry was drawn from the data base of tourism firms registered at the Department of Taxation in number of cities in South of Vietnam which are famous for their tourism activities. A structured questionnaire was sent to firms in the data base asking managers to answer the questionnaires for collecting the data on firm level from June to

September 2017. Wherever possible, it was followed up with phone calls for increasing the response rate. The reminder emails were also sent 4 weeks after the initial mailing. Out of the data base of approximately 1600 tourism SMEs in South of Vietnam, a total of 118 firms participated in the survey. Out of those questionnaires received, there are seven questionnaires with missing data and thus eliminated. As a result, 111 questionnaires are usable which results in responses rate of 7 %. The respondents from SMEs consist of sales and marketing managers (35%), general manager (33%), front office managers (8%) and senior sale executives (7%). There are only 8 medium firms (7%) in the sample which have a manager who responsible for their CRM program separately. Because most of the small and medium firms in tourism in Vietnam are implementing CRM processes for solving a specific problem, CRM program is usually under the responsibility of one of their existing departments such as sale department or marketing department. Therefore, most of the respondents in firm participated in the sample are likely to be the one who directly manage the CRM processes which have enough expertise and insights to provide the appropriated answers to the questionnaires. A profile of the sample shows a reasonable spread in term of the size of the firms which participated in the survey. There are 66 firms (59%) which have from 50 to 200 employees which are classified as the medium-size firms. There are 39 firms (35%) small-size firms which have from 10 to 50 employees and 7 micro-size firms (6%) which have less than 10 employees in the sample. The medium-sized firms in our sample serve approximately 25000 customers per years on averages and earn average revenue about 26 billion Vietnamese Dong (about 1.2 million USD). The according numbers for small-sized firms in our sample are about 7000 customers and 7 billion Vietnamese Dong in revenue (about 0.3 million USD).

4.2.5 Measurement model testing

➤ Common method bias

One potential problem with all self-reported data collection technique is that they can contain the common method biases which might result from the sources such as the instrument itself or social desirability (Podsakoff, MacKenzie & Podsakoff, 2003). This bias happens when there is a hidden factor which account for a significant portion of variances of the indicators rather than the factors they intend to measure. For assessing the level of common method bias in this study, this dissertation followed Podsakoff et al. (2003) to include in the PLS model a common method factor which account for all the indicators. Then the variances explained by the common method factors for each indicator were calculated. The results suggested that the average variance explained by the substantive constructs of the indicator was .86, while the average variance explained by the common method factor was 0.02 (see Appendix A). The ratio

was about 43:1. Furthermore, most of the method factor loadings were not significant. Given the small magnitude and insignificant of variance explained by common method factor, the common method bias was unlikely to be the major concern for this study.

➤ **Measurement model**

The Composite reliability coefficient is suggested by Chin (1998) instead of Cronbach's Alpha to assess the reliability of indicators used as measurement items in the PLS-SEM. We noted that all the Composite reliability coefficients were larger than .70 and all the Average Variance Extracted measures (AVE) were also above .05 (see Appendix B). These results indicate that the measurement items were reliable and the latent constructs account for more than 50% of the variances of the indicators. We also assessed the convergent validity which is defined as the level of agreement between the items intended to measure an underlying construct. As shown in the Appendix A, the average loading for each block of items was rather high (from 0.7 to 0.9) and the range in which the loadings in each block vary was narrow. Furthermore, the t-values indicate that all the loadings were significant. These results indicated that all the items in each block help in estimating the underlying construct. For assessing the discriminant validity, we followed the criterion of Fornell and Larcker (1981) which stated that if the square root of the AVE is larger than the correlation between constructs, the discriminant validity can be achieved. The results in Table 4. 6 showed that this criterion is satisfied by most of the constructs (except for FP and MAI) which demonstrates the accepted discriminant validity for our model. In addition, suggested by the cross-loading (see Appendix C), each item loaded higher on its related latent constructs than on other latent constructs. The results supported that our measurement model had adequate convergent and discriminant validity.

Table 4.6 Correlations among latent constructs and its AVE.

Constructs	CV	FP	INI	KM	MAI	MAR	NPD	PMS	REG	REN	ST	TECH	TER
CV	0.975												
FP	0.962	0.955											
INI	0.897	0.907	0.926										
KM	0.911	0.910	0.917	0.933									
MAI	0.943	0.939	0.881	0.900	0.929								
MAR	0.897	0.898	0.798	0.842	0.880	0.935							
NPD	0.923	0.951	0.860	0.880	0.903	0.840	0.912						
PMS	0.406	0.332	0.279	0.403	0.451	0.499	0.310	0.893					
REG	0.883	0.880	0.889	0.851	0.890	0.838	0.806	0.447	0.943				
REN	0.930	0.898	0.858	0.872	0.908	0.828	0.861	0.480	0.927	0.938			
ST	0.932	0.927	0.911	0.933	0.926	0.879	0.891	0.407	0.907	0.927	0.925		
TECH	0.822	0.798	0.816	0.829	0.838	0.801	0.741	0.394	0.755	0.776	0.848	0.886	
TER	0.807	0.776	0.747	0.811	0.829	0.777	0.722	0.491	0.846	0.875	0.895	0.800	0.937

Note: CV: Customer Value, FP: Financial Performance, INI: CRM initiation, MAI: CRM maintenance, TER: CRM termination, MAR: Marketing capability, NPD: New product development, ST: Strategic organization factors, TECH: Technology infrastructure, KM: Knowledge management, PMS: Performance measurement system, REG: Regenerative capability, REN: Renewing capability.
 Source: Own research

4.2.6 Hypothesis testing

➤ The antecedents of CRM processes

Table 4.7 presents the results obtained from the PLS analysis. As presented, all the effects of the three antecedents to CRM processes are statistical significant at 0.05 level except the effects of Knowledge management to Termination and Technology to Initiation. These results support the Hypothesis 1, 2 and 3 that in general, Knowledge management, Strategic CRM organization and Technology infrastructure can be defined as the foundations for the development and implementation of CRM activities.

Furthermore, through the calculation of f-square statistics to assess the effects size of each antecedent on each CRM process, more evidences can be seen. Knowledge management is the most important factors for initiating a relationship with customers with the medium effect size (greater than 0.15) while Strategic CRM factors just have small effect size on Initiation activities (from 0.02 to 0.15) and Technology infrastructure does not significantly affect the Initiation activities (smaller than 0.02). For Maintenance activities, the biggest influencer is the Strategic CRM factors with medium effect size. Knowledge management and Technology infrastructure have significant but small effects on the Maintenance activities. Lastly, Strategic CRM factors have large effect on the termination of a customer relationship (greater than 0.35) while the other two have very small effect on it. It can be seen from the evidences that Technology infrastructure factors are the least important CRM antecedents in term of effect size to the CRM processes. All the effect size measures are smaller than 0.15 which suggest the very small effects on CRM processes (0.017, 0.051 and 0.045). This issue can be explained by the nature of SMEs characterized by lacking of both human resources and financial resources for leveraging the impact of technologies into their business processes.

Table 4.7 PLS Analysis results.

Paths	Coefficients	P Values	f-square
CRM antecedents to others			
Knowledge management -> Initiation	0.493***	0.00	0.224
Knowledge management -> Maintenance	0.234***	0.01	0.053
Knowledge management -> Termination	-0.247	0.06	0.037
Strategic CRM -> Initiation	0.374***	0.00	0.118
Strategic CRM -> Maintenance	0.578***	0.00	0.298
Strategic CRM -> Termination	0.977***	0.00	0.557

Technology -> Initiation	0.091	0.12	0.017
Technology -> Maintenance	0.152**	0.03	0.051
Technology -> Termination	0.173***	0.01	0.045
CRM processes to others			
Initiation -> Regenerative	0.448***	0.00	
Initiation -> Renewing	0.229***	0.00	
Initiation -> Mark. capability	-0.003	0.91	
Initiation -> New product dev.	0.347***	0.00	
Initiation -> Customer value	0.252***	0.00	0.139
Initiation -> Financial performance	0.164***	0.00	0.069
Maintenance -> Regenerative	0.23**	0.02	
Maintenance -> Renewing	0.391***	0.00	
Maintenance -> Mark. capability	0.648***	0.00	
Maintenance -> New product dev.	0.618***	0.00	
Maintenance -> Customer value	0.203***	0.00	0.071
Maintenance -> Financial performance	0.084	0.11	0.016
Termination -> Regenerative	0.321***	0.00	
Termination -> Renewing	0.38***	0.00	
Termination -> Mark. capability	0.084	0.33	
Termination -> New product dev.	0.165	0.08	
Termination -> Customer value	-0.041	0.46	0.006
Termination -> Financial performance	-0.03	0.46	0.004
DC processes to others			
Regenerative -> Mark. capability	0.262	0.07	
Regenerative -> New product dev.	0.352***	0.00	
Regenerative -> Customer value	0.187***	0.00	0.065
Regenerative -> Financial performance	0.094	0.15	0.022
Renewing -> Mark. capability	-0.074	0.56	
Renewing -> New product dev.	0.473***	0.00	
Renewing -> Customer value	0.445***	0.00	0.339
Renewing -> Financial performance	-0.051	0.46	0.05
Business processes to others			
Mark. Capability -> Customer value	0.256***	0.00	0.257
Mark. Capability -> Financial performance	0.154***	0.01	0.17
New product dev. -> Customer value	0.105**	0.04	0.24
New product dev. -> Financial performance	0.345***	0.00	0.342
Customer value to Financial performance			
Customer value -> Financial performance	0.277***	0.00	0.158
Control variable			
Number of employees -> Customer value	-0.059	0.374	0.013

Number of employees -> Financial performance	-0.099**	0.031	0.059
Number of customers -> Customer value	0.007	0.909	0.000
Number of customers -> Financial performance	0.057	0.267	0.015

***: p-value < 0.05; ***: p-value < 0.001*

Source: Own Research

As presented in the results, all of the proposed CRM antecedents have their own roles in supporting CRM processes in a firm. However, each antecedent is suggested to have different ways and extents to interact with the CRM processes. These results provide evidences about how differently each CRM antecedent contributes to the specific CRM activities in SMEs which can give managers suggestions for improving their targeted CRM activities.

➤ **The mediating roles of DC processes**

Table 4.7 also presents the evidences of the mediating roles of DC processes in the relationship between CRM processes and performance outcomes. All three CRM processes have significant impacts on two DC processes including Regenerative and Renewing ($p < 0.05$). Then, both Regenerative and Renewing show significant impact on the New Product Development process ($p < 0.05$) but not the Marketing capability. These results suggest that SMEs in this study, DC processes just mediate the effects of CRM processes on the New product development capabilities. Thus, given that the paths in the route “CRM processes -> Regenerative/Renewing -> New product development” are all significant, the Hypothesis 4a is partially supported that the Dynamic capabilities mediate the effects of the CRM activities to the specific business process, the New Product Development, in the suggested CRM implementation framework. In contrast, DC processes don’t significantly affect Marketing Capabilities making the mediating role of DC processes in the paths “CRM processes -> Regenerative/Renewing -> Marketing capabilities” is not supported. It means that SMEs in Vietnamese tourism might not use or design their Dynamic capabilities to strongly influence the Marketing capability but instead the effort in Dynamic capabilities is directed to focus more on the New Product Development processes.

Moreover, as presented in Table 4.7, the paths from the Regeneration and Renewing to Customer values are positive and significant ($p < 0.05$). This confirms the mediating role of DC processes in the path “CRM processes -> Regenerative/Renewing -> Customer value”. Thus, Hypothesis 4b is supported. However, the paths from Regeneration and Renewing to Financial performance are not significant. These results suggest that in the CRM implementation

framework, Dynamic capabilities don't mediate the relationship between the CRM processes and the Financial performance. The results do not support the Hypothesis 4c.

This dissertation extended the previous research on DC by investigating the impacts of different type of DC within CRM implementation framework. These results confirmed that different DCs have different influences on other operating business processes and firm's performance. As a higher order capabilities, DC can control the way how the lower order capabilities or ordinary business processes evolved. Therefore, choosing the right DCs to govern the development and configuration of other business processes is essential tasks for managers in SMEs.

➤ **The mediating roles of the business processes**

As presented in Table 4.7, both New Product Development and Marketing capability significantly influence Customer value and Financial performance ($p < 0.05$). This make these two paths: "Initiation/Maintenance/ Termination -> New product development -> Customer value" and "Initiation/Maintenance/ Termination -> New product development -> Financial value" are statically significant. Thus, New product development is confirmed as the mediators between all three CRM processes and firms' performance. Then, hypotheses 6a and 6b are supported. In contrast, Marketing Capability only mediates the relationships between the Maintenance activities and Customer value as well as the relationships between the Maintenance activities and Financial performance because only the path from Maintenance to Marketing Capability is significant while these kind of paths from Initiation and Termination to Marketing Capability are not significant. Thus, Hypotheses 5a and 5b are just partially supported as Marketing Capability only mediates the effects of Maintenance activities on Customer value and Financial performance.

Hypotheses 5c and 5d which state that Marketing capability mediates the effects of Dynamic capabilities on Customer value and Financial performance are not supported because both the two Dynamic capabilities are not significantly related to Marketing capability. In contrast, the significances of the paths from both Regenerative and Renewing to New Product Development make Hypotheses 6c and 6d to be supported. This means that in the CRM implementation framework suggested, the New Product Development but not the Marketing capability mediates the Dynamic capabilities- Customer value relationship and the Dynamic capabilities- Financial performance relationship.

Interestingly, comparing the effect sizes of all the exogenous variables to the endogenous variables consisting of Customer value and Financial performance,

the one of Marketing capability and New Product Development are among the greatest (f-square = 0.257, 0.17, 0.24, 0.342 accordingly). These evidences showed that they are essential links for explaining the firm performance in the suggested CRM implementation framework. These findings extend the previous research by suggesting that the missing links between CRM implementation and firms' performance is not just about applying Dynamic capabilities but also about transforming and combining the efforts of Dynamic capabilities on specific and ordinary business processes. In this dissertation, it is suggested that Marketing and New product development can be the focus of SMEs on this issue.

➤ **The mediating roles of the customer value**

Finally, the results confirm the important of Customer value as the mediating variables in the suggested CRM implementation framework. Results from Table 4.7 show that Customer value positively and significantly influences to Financial performance ($\beta = 0.277$, $p < 0.05$). Results from Table 4.7 also suggest that all the paths from three CRM processes, two Dynamic capabilities and two business processes to Customer Value are all significant ($p < 0.05$) except one case of the path from Termination to Customer Value. Therefore, the Hypotheses 7a, 7b and 7c are supported except the case for Termination. This means that Customer value is the mediating variables of the CRM processes-economic performance relationships, the Dynamic capabilities- economic performance relationship and the business processes – economic performance relationship. Especially, direct paths from the CRM maintenance and the two Dynamic capabilities to Financial performance are insignificant. This means that Customer value fully mediates the effects of Maintenance activities and the two Dynamic capabilities on Financial performance. This suggests that manager might need to firstly improve value delivered to customers before thinking about the sustainable improvement in the economic returns.

In addition, as also presented in Table 4.7, the control variables which are average number of employees and average number of customers per year don't have big impacts on firm's performance. This means that size don't have much impacts on the SMEs' performance. Even in the bigger firms with more employees, the number of employees negatively impacts to the financial performance of the firms although this impact is small in effect size ($\beta = - 0.99$, $p\text{-value} = 0.031$ and effect size $f\text{-square} = 0.059 < 0.15$). This suggests that most of the firms in tourism industry in Vietnam have not used the economic scale effectively to leverage their advantages.

➤ **The moderating roles of Performance measurement system**

Table 4.8 represents the results of Moderated Regression Analysis (MRA) for investigating the moderating roles of Performance measurement system in the relationship between three CRM processes and firms' performance. Four models are tested including the base model where there are no product terms of moderating effects and the other three models where the product terms of each CRM processes and PMS are included.

Table 4.8 Moderated regression analysis results.

Paths	Model 1: Base model	Model 2: CRM Initiation model	Model 3: CRM Maintenance model	Model 4: CRM Termination model
CV -> FP	0.516***	0.457***	0.458***	0.478***
INI -> CV	0.429***	0.451***	0.43***	0.405***
INI -> FP	0.267***	0.326***	0.282***	0.204***
MAI -> CV	0.419***	0.425***	0.421***	0.428***
MAI -> FP	0.211***	0.242***	0.253***	0.266***
TER -> CV	0.153**	0.131(ns)	0.153**	0.17**
TER -> FP	0.037(ns)	0.014(ns)	0.041(ns)	0.081(ns)
PMS -> CV	0.047(ns)	0.036(ns)	0.042(ns)	0.042(ns)
PMS -> FP	-0.049(ns)	-0.06**	-0.056(ns)	-0.059**
PMS*INI -> CV		0.048**		
PMS*INI -> FP		0.082***		
PMS*MAI -> CV			0.05**	
PMS*MAI -> FP			0.091***	
PMS*TER -> CV				0.032(ns)
PMS*TER -> FP				0.102***
No. employees -> CV	-0.049(ns)	-0.05(ns)	-0.043(ns)	-0.035(ns)
No. employees -> FP	-0.039(ns)	-0.046(ns)	-0.038(ns)	-0.01(ns)
No. customers -> CV	-0.092(ns)	-0.088(ns)	-0.091(ns)	-0.097(ns)
No. customers -> FP	-0.063(ns)	-0.062(ns)	-0.062(ns)	-0.073(ns)
R-square adjusted	0.948	0.955	0.956	0.956

** : p -value < 0.05; *** : p -value < 0.001; ns: not significant

Source: Own research

The path analysis from the base model (Model 1) confirms again the results from previous analysis that three CRM processes have significant influences on firm's performance. Except the path from Termination to Financial performance, other paths from three CRM processes to Customer value and Financial performance are all statistically significant. Surprisingly, the path from Performance measurement system (PMS) to Customer value and Financial

performance are statically insignificant. Especially, the coefficient from PMS to Financial performance is negative suggesting that PMS negatively impacts the firms' economic returns. This evidence suggests that PMS if stand alone is not only ineffective but also costly to firms' performance.

However, if PMS combines with the impacts of CRM processes, it plays a valuable role as the moderator facilitating the relationship between the three CRM processes and firm's performance. The evidences for these moderating effects of PMS can be seen from the path analysis results in Model 2, 3 and 4. Excepting the impact of product terms PMS*TER to CV, all other product terms have statically and positively significant influence on Customer value and Financial performance. PMS when effectively designed can promote the Initiating, Maintaining and Terminating activities in CRM implementation by providing the strategic casual map of value chain for identifying the bottleneck factors or key factors throughout the processes of implementing CRM. PMS can also provide the key inputs for better decision making process by focus on the leading indicators and CRM antecedents rather than just focus on the lagging results at the end of the value chain. On top of all, it is suggested that only when combining with specific CRM activities, PMS is enabled to provide its best benefits to firm's performance. It means that PMS in SMEs is suggested to focus on measuring the efforts from CRM processes and should provide continually feedbacks to improve these CRM processes. In general, the Hypotheses 8a, 8b, 9a, 9b and 10b are supported. The moderating effects of PMS can be presented in Figure 4.16. It shows the simple slop analysis for the moderating effects of PMS on the relationships between CRM processes and firm's performances. As presented, higher level of PMS (+1 Standard deviation) the slope representing the relationship between CRM processes and firm's performance is larger and the line is steeper than lower level of PMS (-1 deviation). This leads to the fact that the impacts of CRM processes to firm's performance are higher if a firm possesses a better designed PMS and effectively implemented it into practice.

Another interesting observation from the empirical evidences is) about the differences in moderating effects of PMS to Customer value and Financial performance. As presented in Table 4.8, the coefficients of the product terms between the three CRM processes and PMS to Financial performance are much larger than those of Customer value (0.082, 0.091 and 0.102 comparing to 0.048, 0.05, and 0.032 accordingly). These evidences suggest that the moderating effects of PMS on Financial performance are stronger than on Customer value. This issue can be explained by the nature of PMS is about quantifying performance of business activities into measurable indicators. Therefore, the PMS is much more easily and more accurately to quantify the Financial performance (expressed mainly in numeric forms) rather than Customer value

(expressed mainly in perceptual opinions). It makes PMS impacts much more visible and profound than what can be observed in Customer value.

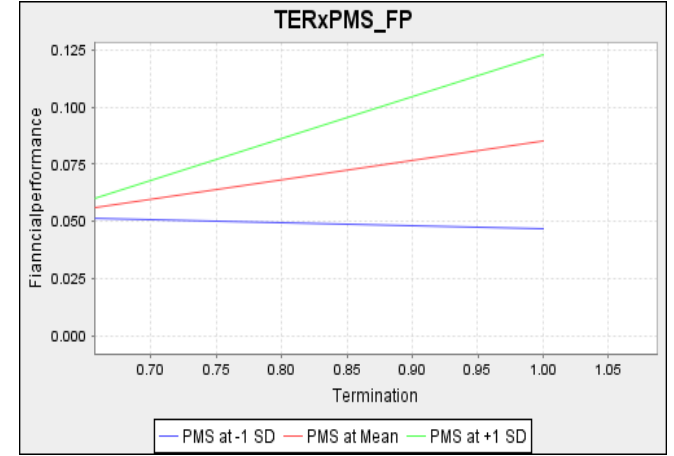
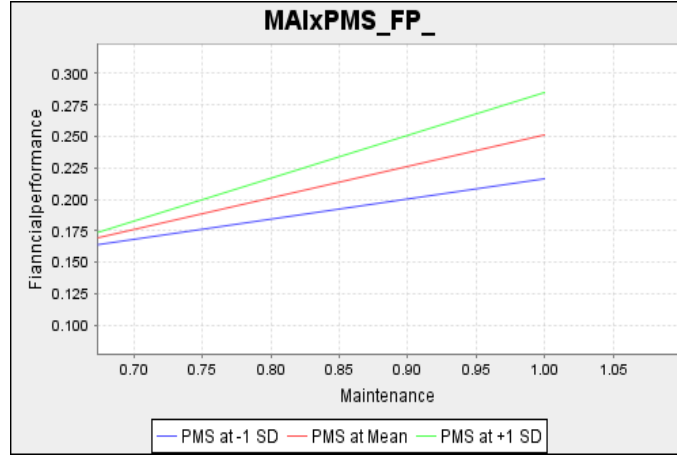
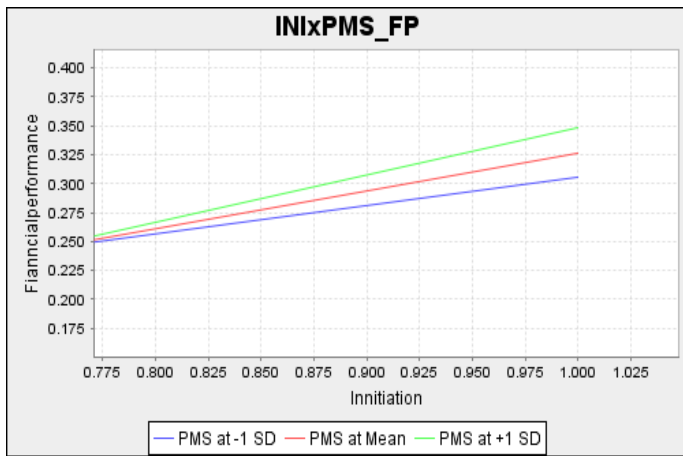
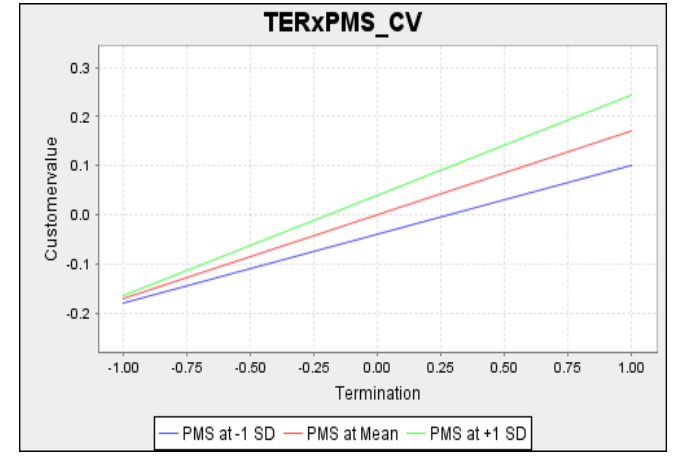
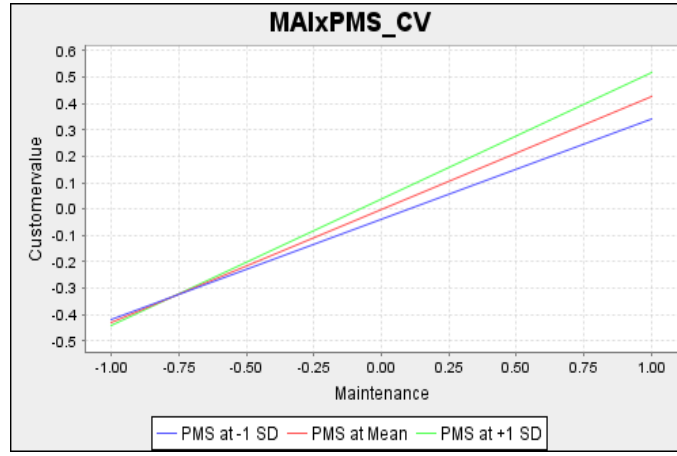
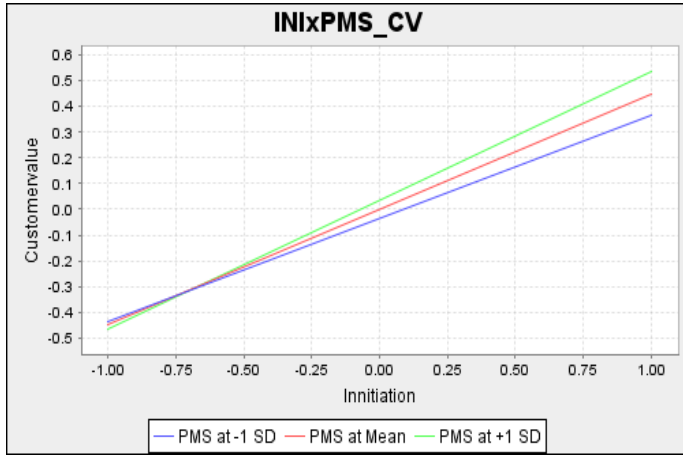


Figure 4.16: Simple slop analysis of the moderating effects of PMS on the relationships between CRM processes and firm's performances. Source: Own Research.

4.2.7 Summary

As a conclusion, the quantitative analysis provides evidences which support most of the hypotheses proposed in this dissertation. Thus, most of the suggested interrelationships between factors in the comprehensive CRM implementation framework are confirmed as valid ones. Table 4.9 summarizes the results of the hypotheses testing in the quantitative analysis. Particularly, Knowledge management, Strategic CRM organization and Technology infrastructure are confirmed to have positive impacts on CRM processes and can be considered as important antecedents for successful CRM implementation. However, they interact with CRM processes differently in term of effect size and their roles for each CRM activities. Customer Agility's dimensions which are Dynamic capabilities and two operating business processes – Marketing capabilities and New product development – are also confirmed as the mediators for the relationships between CRM processes and firm's performances. Thus, Customer Agility can be considered as the change-mechanism which governs the evolution of CRM implementation in SMEs in the hyper-changing business environment. This dissertation also extends the previous research on this topic by providing evidences about the different impacts of different types of Dynamic capabilities. More importantly, this dissertation posited that the business processes efficiency is the most direct and the strongest influencers on mediating the effects of CRM activities on firms' performance. In addition, the performance measurement system is also confirmed as the moderators which positively facilitate the relationship between CRM processes and firm's performance.

Table 4.9 Hypotheses testing results in the quantitative analysis.

Hypotheses	Results	Note
H1: KM -> INI/MAI/TER	Partially supported	KM doesn't impact TER
H2: ST -> INI/MAI/TER	Fully supported	
H3: TECH -> INI/MAI/TER	Partially supported	TECH doesn't impact INI
H4a: INI/MAI/TER -> REG/REN -> MAR/NPD	Partially supported	REG and REN don't impact MAR
H4b: INI/MAI/TER -> REG/REN -> CV	Fully Supported	
H4c: INI/MAI/TER -> REG/REN -> FP	Not supported	REG and REN don't impact FP

H5a: INI/MAI/TER -> MARK -> CV	Partially supported	MARK only mediates effects of MAI
H5b: INI/MAI/TER -> MARK-> FP	Partially supported	MARK only mediates effects of MAI
H5c: REG/REN -> MARK -> CV	Not supported	REG and REN don't impacts MARK
H5d: REG/REN -> MARK -> FP	Not supported	REG and REN don't impacts MARK
H6a: INI/MAI/TER -> NPD -> CV	Fully supported	
H6b: INI/MAI/TER -> NPD -> FP	Fully supported	
H6c: REG/REN -> NPD -> CV	Fully supported	
H6d: REG/REN -> NPD -> FP	Fully supported	
H7a: INI/MAI/TER -> CV -> FP	Partially supported	TER doesn't impact CV
H7b: REG/REN -> CV -> FP	Fully supported	
H7c: MARK/NPD -> CV -> FP	Fully supported	
H8a: INI*PMS -> CV	Fully supported	
H8b: INI*PMS -> FP	Fully supported	
H9a: MAI*PMS -> CV	Fully supported	
H9b: MAI*PMS -> FP	Fully supported	
H10a: TER*PMS -> CV	Not supported	
H10b: TER*PMS -> FP	Fully supported	

Source: own research

4.3 Case Study of CRM Implementation in SMEs in Vietnamese Tourism Industry

4.3.1 Introduction

Finally, empirical evidences for this research have been obtained from the investigation using case study research method. The case study analysis are used to explored and elaborated the results from previous inquires. Especially, case study method was used in this investigation to derive in-depth understanding of how SMEs develop and implement CRM programme in their real-world contexts. By examining the context and other complex conditions related to the cases, rich and detailed answers for explanatory questions such as “How are CRM programme designed in SMEs in tourism industry?” or “How have CRM processes evolved overtime in SMEs in tourism industry?” are derived . Another advantage of case study method comes from its multiple and diversified data sources in natural settings which can support and provide qualitative empirical evidences and thus complement the backwards of the analysis of quantitative data in earlier stages of this research. As a result, new learning about the real-world CRM implementation in SMEs was explored hopefully extending the results from the theoretical conceptual framework, explorative surveys and quantitative investigations in former parts of this research.

The case study inquiries were conducted in the period of three months from November 2017 to the end of January 2018. The objects of the investigation are two medium-size tourism firms in Binh Thuan Province, Vietnam. Researcher contacted and received the fully cooperated from the two firms in the attempt of evaluating the situation of their current CRM program. Through the cooperation, the two firms also expect that they can identify the contextual and internal factors which support or prevent them from achieving their CRM benefits potential. By applying the multiple case study design with two contrasting cases selected purposely for comparing rationales, the case study analysis expected to highlight the contextual factors or internal factors in CRM implementation which make the financial performance differentials in two cases.

4.3.2 Objective of the case study

The main objective of this case study research is to provide the details of two exemplary cases of CRM implementation in SMEs in tourism industry. One case is successful in CRM program and achieves outstanding financial performance. In contrasts, the other one is not so successful in CRM program and have worrying trend of financial performance in recent years. Especially, two selected firms are very similar in size and have the same business environment surrounding them. Thus, the performance differentials possibly come from the internal factors including their CRM implementation practices and their own firms’ characteristics. By partially controlling external factors, the main

objective of this case study therefore is to provide and extend the empirical evidences about the impacts of CRM implementation and related firm's specific features on financial performances and provide rich details how CRM and other related factors can affect the firms' bottom line.

For achieving its main objective, the case study focused on two topics which cannot be deeply addressed in earlier part of the research:

- (1) The contextual or firms' specific factors which support or prevent the CRM implementations. In this topic, through different methods of data collection, especially the in-depth interviews and direct observations, the firms' specific factors and related one are expected to be defined as the facilitators or the bottleneck of the CRM implementation programs in the real-world context.
- (2) The change-mechanisms embedded into CRM implementation which leads to the evolution of the CRM program over time. The quantitative results provided empirical evidences about the significant of Customer Agility's components as change-mechanism of CRM implementation framework. However, the quantitative results cannot prevail how actually these change-mechanism components work in the real-world contexts. The examples about how two firms have reacted to the significant changes in the market in the past and the present can provide more insights on this issue.

4.3.3 Overall context of the case study

The first and foremost issue should be considered for the case study is about the overall context in which the two cases emerged. In other word, it is necessary to understand the key characteristics of the business environments which surround and affect to the operation and evolution of SMEs in tourisms industry in Binh Thuan Province, Vietnam. Having the understanding of business ecosystems as the background, the judgments on the specific firm's business activities and strategic movement can be more accurate and avoid the bias when applying the finding in case study into different contexts.

Two firms selected as the units of analysis in this case study investigation are medium size resorts which operating in Mui Ne-Ham Tien area which is one of the most famous tourism destination in Vietnam. The following analysis focused on the key characteristics of tourism sectors in Binh Thuan province providing the overall picture about where the two firms in this case study operate.

➤ Natural settings

Binh Thuan is the last province located on the coast of South Central Vietnam. It has very long coast of over 192 km with many capes, beaches and sceneries which are favourable for developing seaside tourism activities such as Mui Ne,

Hon Rom, Ke Ga. Binh Thuan is about 200km from Ho Chi Minh city, the biggest city in Vietnam and 250km from Nha Trang, one of the most popular city of Vietnam. Locating inside the most key area of economic activities in Vietnam, Binh Thuan has the advantages of affluence and wealthiest sources of domestic customer bases for the tourism industry. In addition, foreign customers also come to Binh Thuan as one of the destination on the popular routes for foreign tourists as Ho Chi Minh City – Binh Thuan – Nha Trang or Ho Chi Minh City – Binh Thuan – Da Lat. The transportations to Binh Thuan and Ham Tien- Mui Ne area are done mainly by train and National express highway which have reduce significant times for tourism in recent years. However, the time for travel is still a lot which take around 3 to 4 hours to get to Binh Thuan from Ho Chi Minh City. This can be one of the biggest drawbacks for tourism industry in Binh Thuan province. However, the monsoon tropical climate with two distinct dry and rainy seasons with the average temperature varies between 27°C and 29°C making Binh Thuan becoming one of the best and exotic regions for leisure tourism activities for foreign tourists from western countries such as Russia, Germany, Poland, Switzerland, etc.

➤ **Economic activities and the attractiveness of business environment**

Binh Thuan has around 1.3 million populations (2015). The Gross Domestic Production (GDP) in 2017 was 55.306 billion Vietnamese Dong (VND) (approximately 2.4 billion Dollars) growing 7.08% comparing with 2016. The average GDP growth from 2010-2017 is about 8.8% which ranges as the medium growth among 64 provinces in Vietnam. Figure 4.17 shows the GDP growth of Binh Thuan comparing with Vietnam GDP growth from 2010 to 2017. There is worrying trend in GDP growth in Binh Thuan province in recent year, especially from 2014 to present. As presented by the Figure 4.17, while the national GDP has kept the uptrend though slowly, Binh Thuan's GDP has decreased overtime.

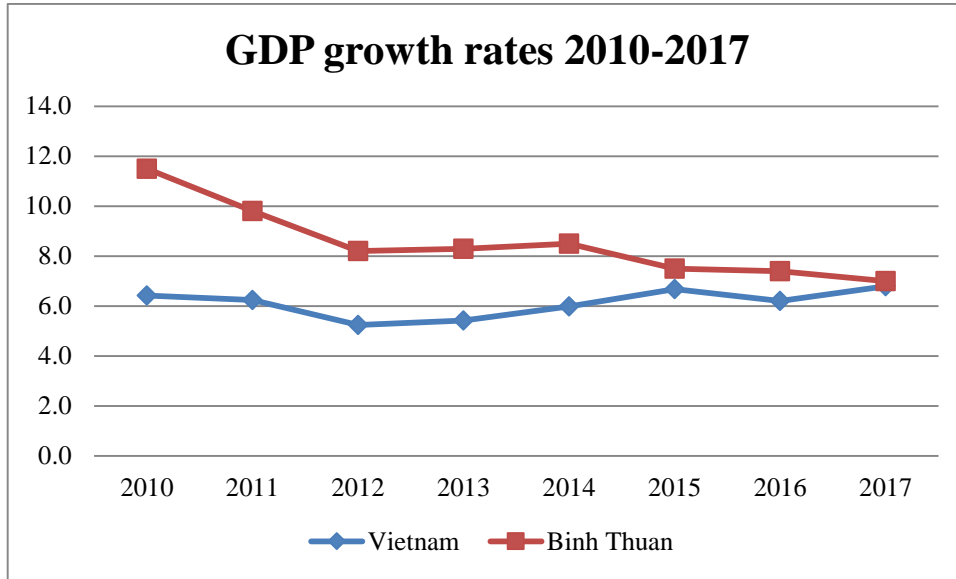


Figure 4.17: GDP growth rates of Binh Thuan and Vietnam from 2010 to 2017. Source: Vietnamese State Statistical Office

The main economic activities in Binh Thuan province in 2017 come from service sectors (38.05%), the second is agricultural sectors (32.2%), and the least is industrial and construction sectors (29.8%). Figure 4.18 showing the contribution of three economic sectors and their changes in proportion overtimes. The services sector has emerged and overcome the agricultural sectors to become the most important contributors to GDP of Binh Thuan province. The industrial and construction sectors are the least contributor but they are expanding overtime and are expected to overcome the agriculture sector in near future. This trend reflected the attempts of Binh Thuan government in shifting the provincial economics towards high-added-value activities.

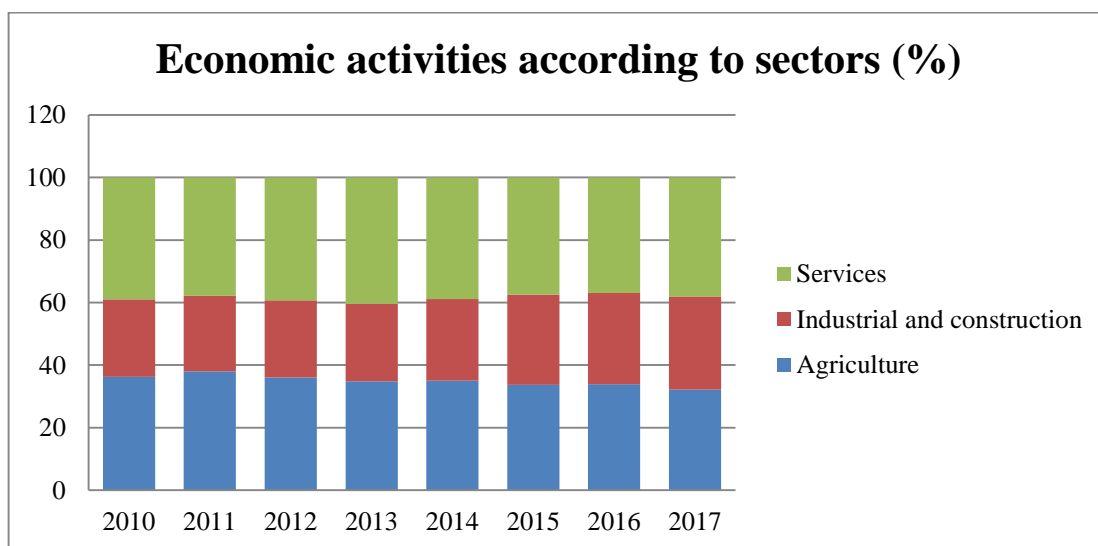


Figure 4.18: Economic activities according to sectors (%). Source: Binh Thuan Statistical Office

Comparing with other 63 provinces in Vietnam, according to the Provincial Competitive Index (PCI), Binh Thuan was ranked 32th in 2016 going down 6 ranks from 2015. The Provincial Competitive Index (PCI) is official index calculated by an agency from Vietnamese Ministry of Commerce and Industry. The index is introduced in 2005 for assessing business environment by conducting an annual business survey of the economic governance quality of provincial authorities in creating a favourable business environment for development of the private sector. Figure 4.19 presents the ranking of Binh Thuan comparing with other province in the Southeast region of Vietnam in 2015 and 2016. The overall ranking and the ranking in the Southeast region suggested that the business environment in Binh Thuan is somehow worsening and stagnating. It was ranked as “Medium” in consecutive 7 years and has no signs of breakthrough.

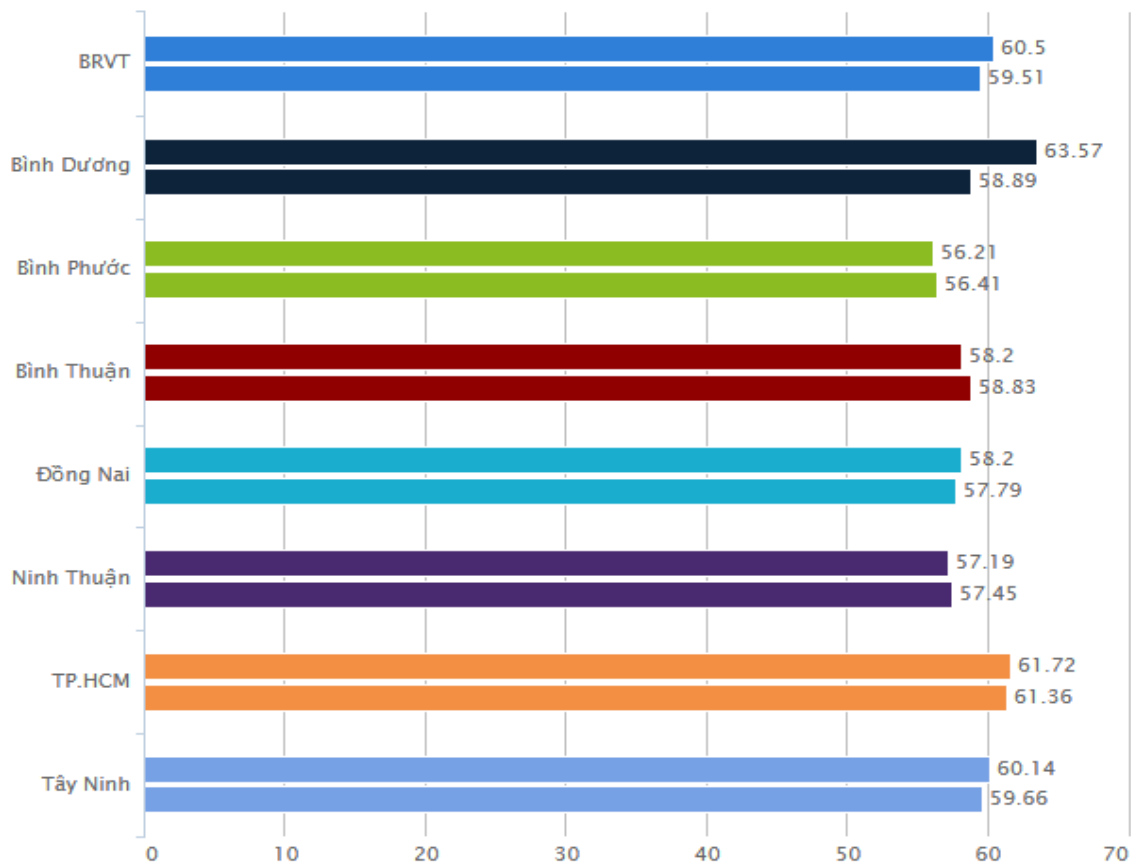


Figure 4.19: PCI of Binh Thuan to other provinces in Southeast region in 2015 (above) and 2016 (below). Source: pcivietnam.org

The Figure 4.20 shows the ranking of Binh Thuan PCI index from 2007 to 2016. As presented, the attractiveness in business environment in Binh Thuan is somehow decreasing overtime suggesting that Binh Thuan needs to put a lot of efforts to overcome the current situation for becoming the chosen destination for new economics activities and investments.

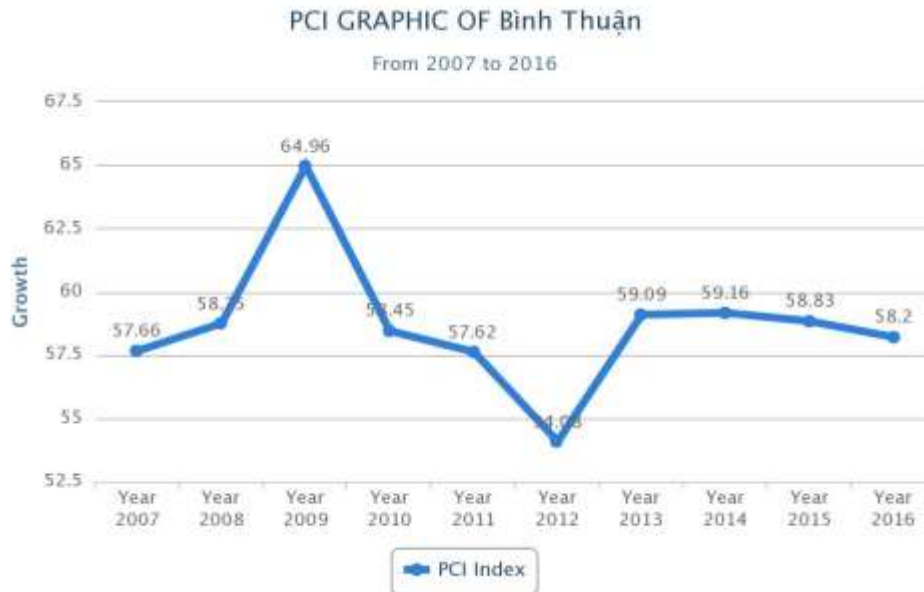


Figure 4.20: PCI of Binh Thuan in period of 2007-2016. Source: pcivietnam.org

In addition, about the proactivity index, one of the most important sub-indexes indicating the ability of adapting to the change in the economic ecosystem, Binh Thuan has ranked as one of the lowest as presented in Figure 4.21. This issue can possibly be the main troubles why the attractiveness of Binh Thuan as the destination for new investment has been decreasing overtime.

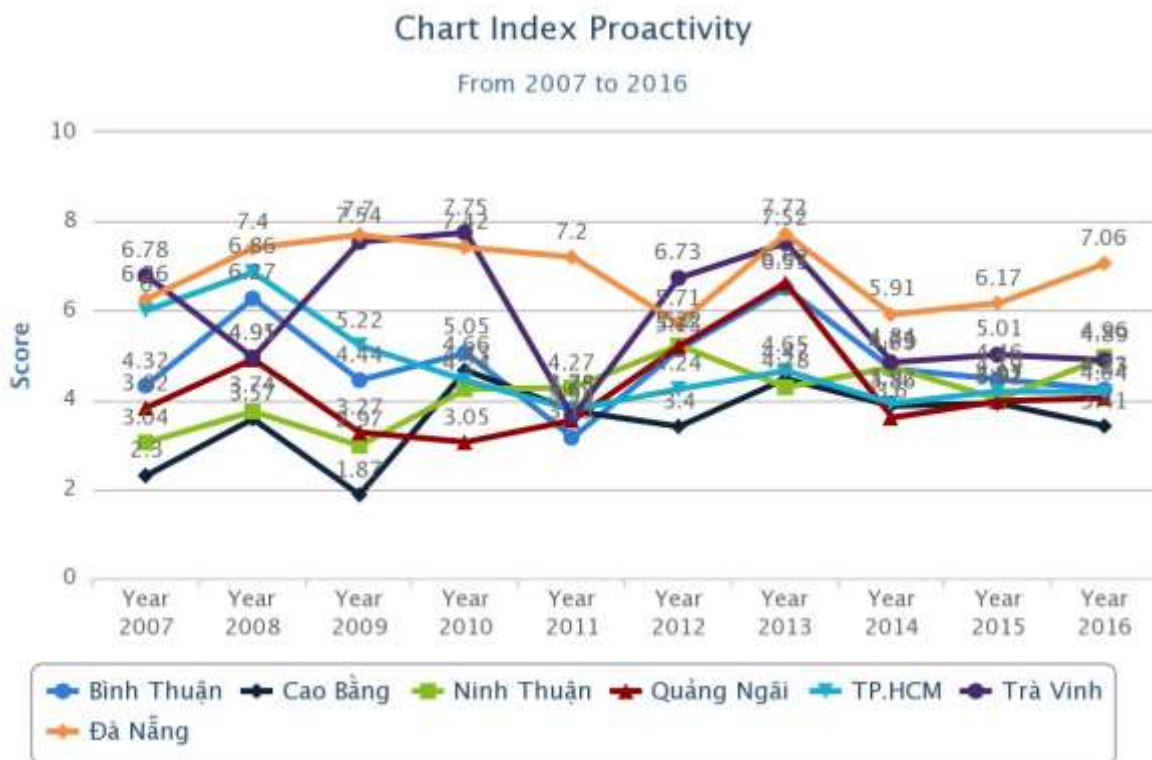


Figure 4.21: Proactivity index of Binh Thuan and others province in period of 2007-2016. Source: pcivietnam.org

➤ **Binh Thuan tourism industry**

Binh Thuan, especially Ham Tien- Mui Ne area, has been discovered and received the attention of investors and tourists since 1995. From that time, Binh Thuan tourism industry has been developing very quickly in terms of number of tourism firms and range of tourism products and services. At the present, tourism is the fastest growing sector which contributes to more than 8% of GDP of Binh Thuan in 2016. With numerous natural advantages, beautiful beaches and sceneries, tourism has certainly become one of the most important contributors to Binh Thuan economics and has been the boost to the development of the society and employments in the region. The steady increases in number of tourism firms and share of GDP contributions as presented in Figure 4.22 have demonstrated the long-term and huge potentials of Binh Thuan tourism industry.

The number of tourism firms has expanded rapidly when many investors have been attracted by the natural settings which are wonderful for developing hotels or luxurious resorts targeting to leisure travel activities. Until now, there are more than 800 tourism firms operating in the Binh Thuan province. More than ninety per cent of them are small and medium firms which is one of the current issues for the tourism industry in Binh Thuan. Because of lacking the long-term vision for developing the tourism industry from the beginning, Binh Thuan has not targeted to attract the large investors but seek to increase the number of projects instead. Thus, many small and medium projects have been developed from the beginning from the private investors, mainly domestic investors. Currently, there are only two projects which are two 5 star resorts in the region which have been developed by foreign tourism corporations from Thailand and France. Binh Thuan has been acknowledged as the “Vietnamese capital of resorts” from its great number of resorts concentrated in the same area. However, this issue also reduced the competitiveness and the attractiveness of the Binh Thuan tourism comparing to other areas in Vietnam and Southeast Asian which have the same natural settings. The problem seems to be fixed recently when Binh Thuan governors have been more open to the investors, especially foreign investors. Currently two large projects of luxurious resorts and residences have been developing and building in Binh Thuan.

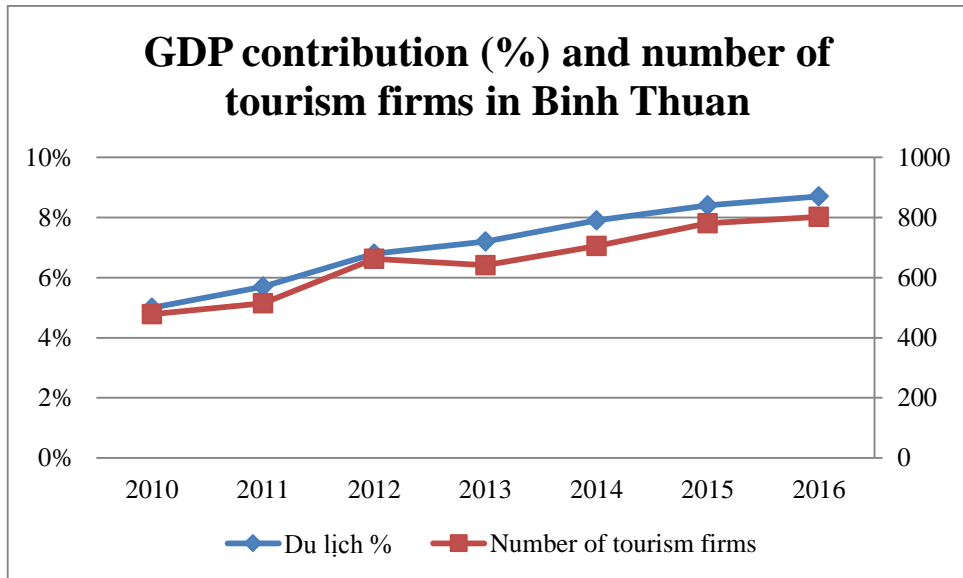


Figure 4.22: GDP contribution (%) and number of tourism firms in Binh Thuan in the period of 2010-2016. Source: Binh Thuan Statistical Office

The average annual revenue growth rate of Binh Thuan tourism industry in the period of 2006-2016 is 28%. The average annual growth rate of number of tourists coming to Binh Thuan in the period of 2006-2016 is 12%. The growth rate in tourism revenue and number of tourists in period from 2003 to 2016 is presented in Figure 4.23. After the period of very high growth and expanding at the beginning state, Binh Thuan tourism industry has been encountering enormous difficulties. As a result, though it is still expanding at good rate (more than 10%), both revenue and number of tourists growth rate are going down sharply. Especially, after the significant slowdown and economic crisis in 2010, the revenue and number of tourists coming to Binh Thuan has seriously and badly affected. This evidence raises the questions about the vulnerability of tourism industry in Binh Thuan when there are shocks in the business environments.

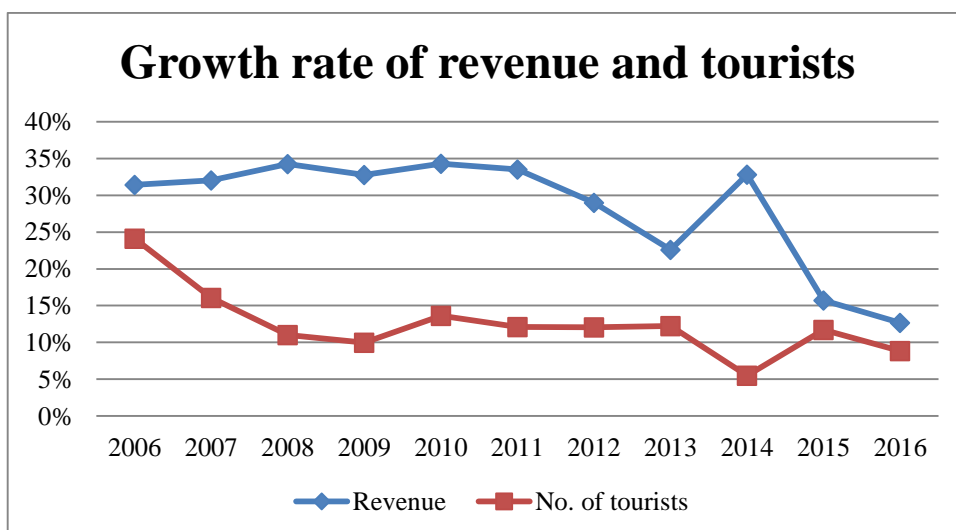


Figure 4.23: Growth rate of revenue and tourists in period of 2007-2016. Source:

One important factor which characterized the Binh Thuan tourism industry is their popular among international tourists. This reflects in the substantial amount of foreign tourists choosing Binh Thuan as their destination for leisure travel or sea sport involvement, especially in winter time from November to April every year. Foreign customers are long considered is the best customers group for tourism firms in Binh Thuan because of its high spending comparing to domestic customers. On average in 2016, one foreign customer spends 3, 04 days on their holiday which are two times higher than the average domestic customers (1, 48 days). Foreign customer also spends six times higher than domestic customer on average in 2016 (7, 3 million VND compare to 1.3 million VND). However, the proportion of foreign customers in total tourists coming to Binh Thuan though stable but increase very slowly as presented in Figure 4.24. This is one of the biggest challenges for tourism industry in Binh Thuan to refresh itself relentlessly for attracting more foreign tourists in the future to really fulfill its potentials and increase the revenue from tourism activities.

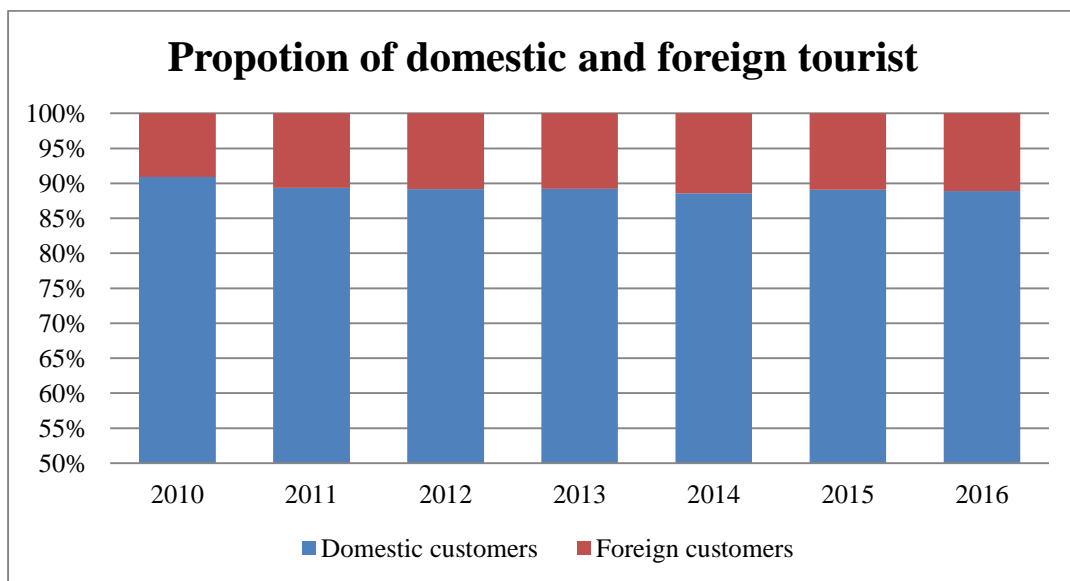


Figure 4.24: Proportion of domestic and foreign tourist in period of 2010-2016.
Source: Binh Thuan Statistical Office

Another specific factor of Binh Thuan tourism sectors is its heavy dependence on the Russian customers. After the economy and currency crisis of Russia in 2014 which result in more than 50% devaluation of Russian Rubble, most of the tourism firms in the regions and Binh Thuan have heavily affected. The sudden shortage in Russian customers which are the main customer group of most of the resorts and hotels in Binh Thuan made serious damage to the growth of the industry. However, the shock also served as the cautions and the filter which separate who are good and who are bad in their ability to adapt in new business

environment. Tourism firms in Binh Thuan also started to expand their customer bases and reduce the effects of Russian customers to their business performance as presented in Figure 4.25.

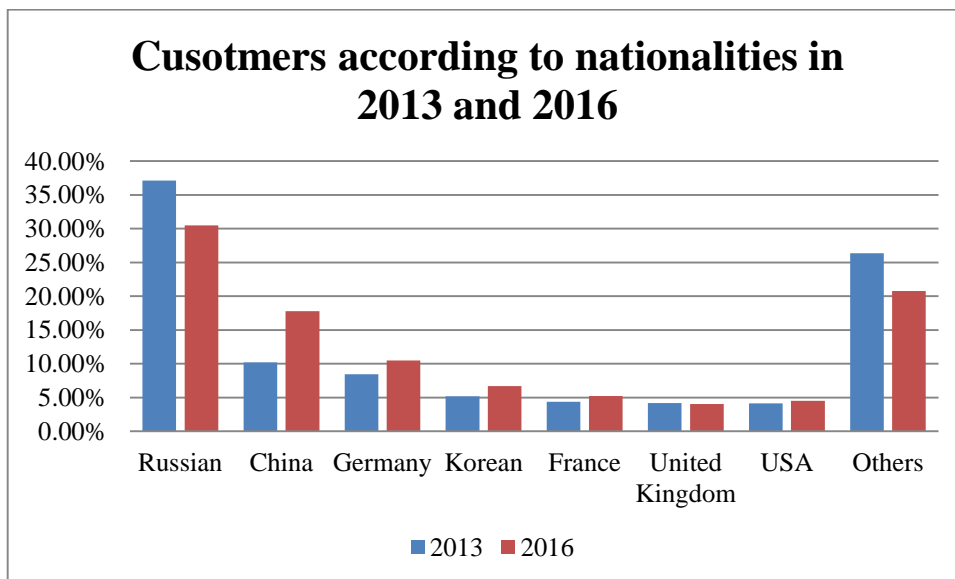


Figure 4.25: Customers according to nationalities in 2013 and 2016. Source: Binh Thuan Statistical Office

In short, Binh Thuan tourism industry has become very important and key economic sectors of the province. Although it has very enormous potentials and advantages for becoming one of the best tourism destinations in Vietnam and even the Southeast Asian region, Binh Thuan has encountered many huge difficulties in recent years. Especially, the Binh Thuan business environment on its own does not have enough attractiveness for new investments. Furthermore, significant change in the market has also affected substantially on firm’s business performance in tourism industry. As a result, the development in tourism industry in Binh Thuan has showed the signals of becoming stagnating. This issue required every tourism firms to derive and implement significant changes in both their daily operations and strategic business plan for overcoming these challenges.

4.3.4 Data collection and methodology

This multiple case study is based on the data collected from two medium-size tourism firms in Binh Thuan whose managers fully incorporated with the researcher for the data collection and analysis. Researcher conducted site visits to two firms in the period from December 2017 to the end of January 2018. During the site visits, researcher interviewed a variety of firms’ staffs and managers of different departments. Each interview is semi-structured by some main questions about relevant topics but not strictly followed the structures. Usually, each interview lasted for more than one hour and usually followed by informal talks to understand more about the context of the issued concerned. For

each firm, interviewees were managers of the departments which are directly or indirectly related to the CRM processes. The first interview was with the general managers to understand the overall context of the firm's evolution and its business strategies, visions, missions and values. After the first round of managers interviews, researcher defined the themes and issues emerged which were necessary to be investigated further. Then, the next round of employees interviews were conducted to cross-check the information from managers and developing more insights about the specific themes or issues. Besides that, researcher were allowed to access to some kinds of relevant documents and archival records. The documents reviewed in the case study included overall financial performance reports, annual reports, customer feedbacks, log books of daily tasks, etc. Researcher was also allowed to have two weeks for free direct observations of the real working of employees and experienced some formal and informal meetings of different departments.

Within each firm, the interviews and archival data came from different organizational levels including both management team and employees who are at the other end in hierarchical level. By doing this, the principles of triangulation in data collection for case study was somehow assured and the bias in qualitative data can be reduced partially. Table 4.10 summarized the interviewees in each firms and the general topics of the interviews. For protecting the confidential of the firms' identities, two firms were called Firms A and B accordingly.

Table 4.10 Interviewees and topics discussed.

Interviewees	General topics
Firm A	
General manager	Business strategies, vision, mission, values and the evolution of the firms. CRM implementation rationales and factors. The structure of organizations. Change management, etc.
Sale manager	CRM processes, customer account management, Customer Agility, customer acquired strategies, financial performance, etc.
Front office manager	CRM processes, Customer service, Knowledge sharing, IT infrastructures, etc.
Human resources manager	Knowledge management, knowledge sharing, employees trainings, etc.
Employees from beverage and food departments	The cooperation between departments, the attitude toward CRM implementation, customer services, etc.

Employees from front office	The cooperation between departments, the attitude toward CRM implementation, customer strategy, etc.
Firm B	
General manager	Business strategies, vision, mission, values and the evolution of the firms. CRM implementation rationales and factors. The structure of organizations. Change management, etc.
Marketing manager	CRM processes, marketing strategies, Customer Agility, customer acquired strategies, etc.
Front office manager	CRM processes, Customer service, Knowledge sharing, IT infrastructures, etc.
Human resources manager	Knowledge management, knowledge sharing, employees trainings, etc.
Employees from beverage and food departments	The cooperation between departments, the attitude toward CRM implementation, customer services, etc.
Employees from front office	The cooperation between departments, the attitude toward CRM implementation, customer strategy, etc.

Source: own research

After the data are collected, main themes about the two investigated topics are discovered for each firm. Then the emerged themes about the topics will be integrated and discussed again with general manager in each firm in another intensive discussion for validating and elaborating the findings. The final stage of case study analysis included the cross-case syntheses for deriving the lesson learned by comparing findings from two cases along with their unique contexts.

4.3.5 Case study and analysis

The two contrasting cases were purposely selected for emphasizing the sources of performance differentials coming from firms' specific factors and their CRM implementations practices. In order to achieve this objective, part 1 of the analysis focused on describing the firm backgrounds. Part 2 was about presenting and describing their CRM programs and part 3 discussed the findings and lesson learned on the two focal topics by comparing the themes between two cases.

➤ Part 1: Background of the firms

This part of the case study analysis focused on providing the overviews about many aspects of the two firms in the case study. The company evolutions since

established, their product and services portfolios, their business strategy, their main business processes were reviewed. By doing this, the firm-specific factors can be explored and scrutinized to see whether they actually have effects on the effectiveness of CRM implementations and firms' financial performance.

Firm A is a private company and a medium-size resort located in the middle area of Mui Ne-Ham Tien. It was established in 1997 which was one of the first resorts opened in Binh Thuan and Vietnam. Currently, it is one of the 14 four-star resorts in the area. The total employees are 175 in 2016. It has offered full range of services of luxurious resorts and spa. Currently, the resort has 147 rooms and bungalows with the range of prices vary from \$250 to \$500 per room per night. It positions itself as the high quality and luxurious resorts and it never downgraded the room rate even though in difficulty times when the Russian customer crisis happened. Thus, the customers severed by the resorts are mainly foreign customers coming from Europe countries such as Russian, Germany, Poland, France, etc. Recently, it has also penetrated to Asian countries markets such as China, Japan or Korea. As a result, in the last two years, Chinese customer has surged up dramatically to become the second biggest markets of the resort beside Russian customer. Since it has operated in the hospitality industry it is one of the very few institutions that keep the same management teams in the area for more than 20 years, especially the very high position in the hierarchical order such as general director and vice director. In addition, the firm has maintained a very low employee's turnover rate of below 10% every year in a very long time. These stable in organizational structured has largely contributed to the outstanding success in the performance of Firm A in term of both customer awareness and financial performance. Comparing to its competitors in the region and in the whole country, it is one of the top ten resorts and it was awarded as one of the most beautiful and also the most effectiveness resorts in the country which always maintains their occupancy rate over 70% in 10 consecutive years. At the present, although the high pressure of competition among existing and more powerful players coming to the market, Firm A has established it as one of the leaders in the region.

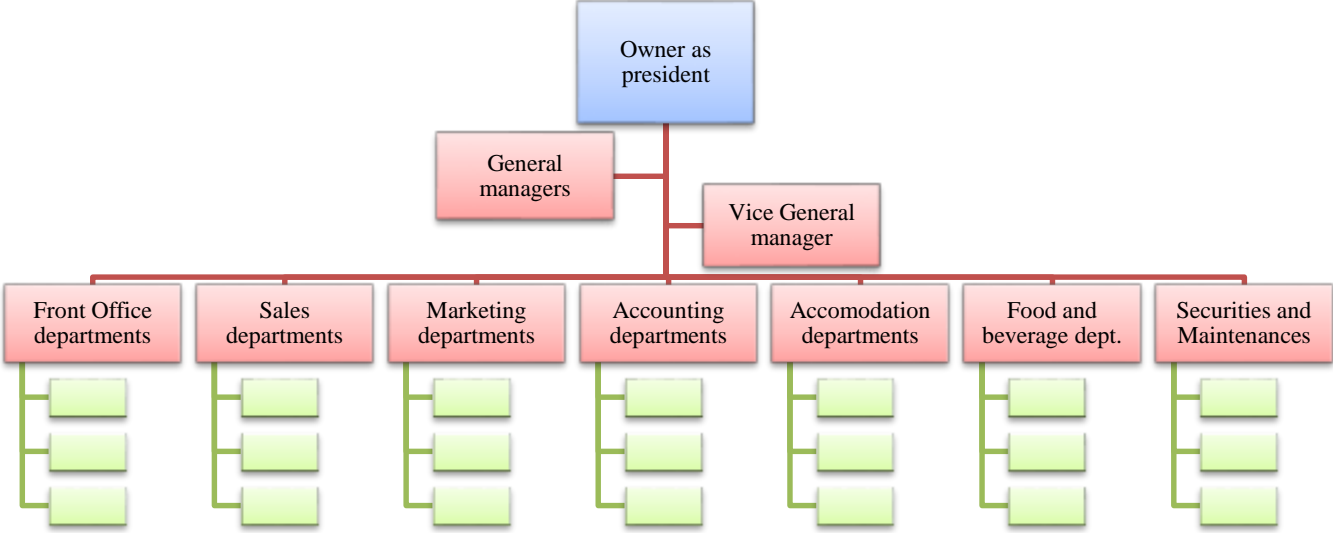
Firm B is also one of the four star luxurious resorts in the region and also located in the Ham Tien –Mui Ne area. It inherited the same natural settings with the Firm A in term of scenery and the beautiful beach which is the first reason attracted customers to the resorts. Actually, they are very near each other. Firm B was established in 2005, 8 years younger than the Firm A. Firm B is also the private firms which also have very similar size in terms of number of rooms, the total area used for building and gardens and the number of employees. At the present, Firm B has 99 luxurious hotel rooms and bungalows. The total employees are 152 in 2016. The service and products at Firm B are also typical for the high quality and luxurious resorts and spa. Especially, it also offers the service of sea sports such as kite surfing or wind surfing taking the advantages

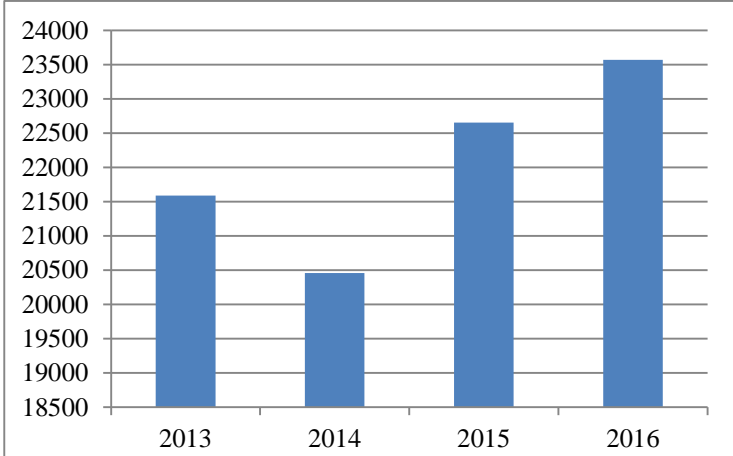
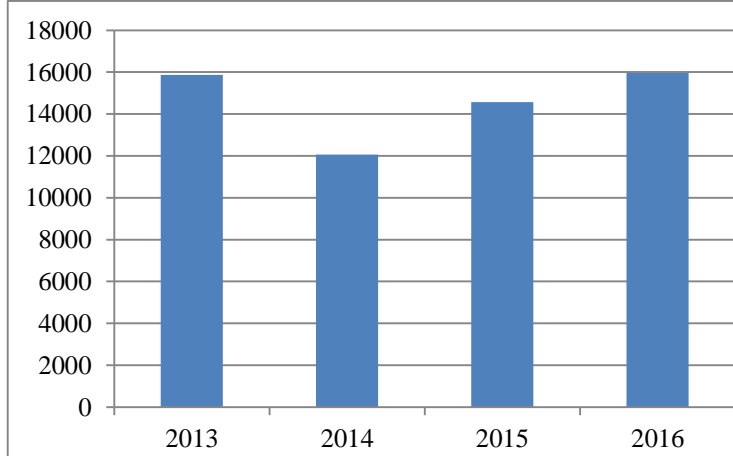
of the sea in Binh Thuan which are very favoured for sea sport activities. This can be one of competitive advantages of the Firm B to attract more customers, especially foreign customers who favoured for erotic place and both leisure and adventurous travel at the same time. However, it also comes with grate costs to maintain the high qualities of sea sport services because of its expensive facilities and also the human resources for running the services such as professional coach in wind surfing or kite surfing sport. The room rate range in Firm B is from \$200 to \$400 per room per night in the peak season from November to April next year. The customer base of the resort is also focus on foreign customer. However, the customer base is not as diverse as the Firm A. The share of Russian customers is still very high which accounted for more than 40% of foreign customers. Unlikely Firm A, Firm B are now focusing on expanding their domestic customers share by accepting to reduce the room rate to increase the revenue as the measures for overcoming the Russian customer crisis. Thus, in the off-seasons, the room rates are reduced to just from \$100 to \$200 for most of the capacity. Although receiving a lot of new investments from the owners, Firm B has been experienced very worrying trend in their financial performance because of this new customer strategy. Another reason lies in their struggled ability to keep their profitable customers at the moment which have been the issues for a very long time and their occupancy rate is usually below 55%.

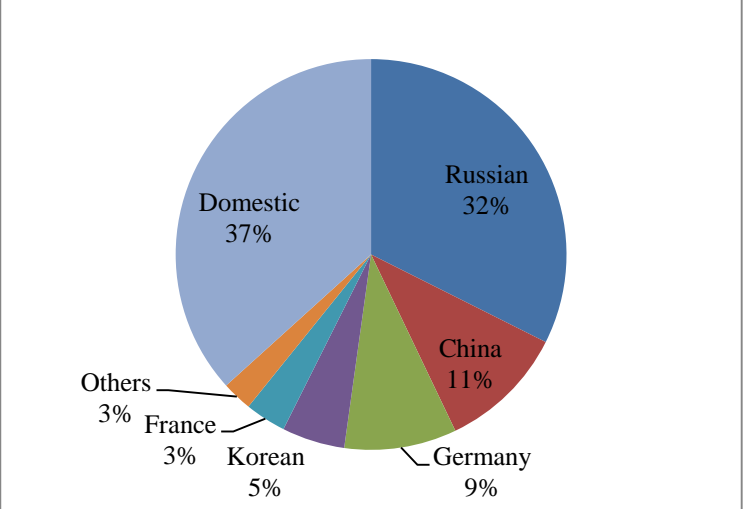
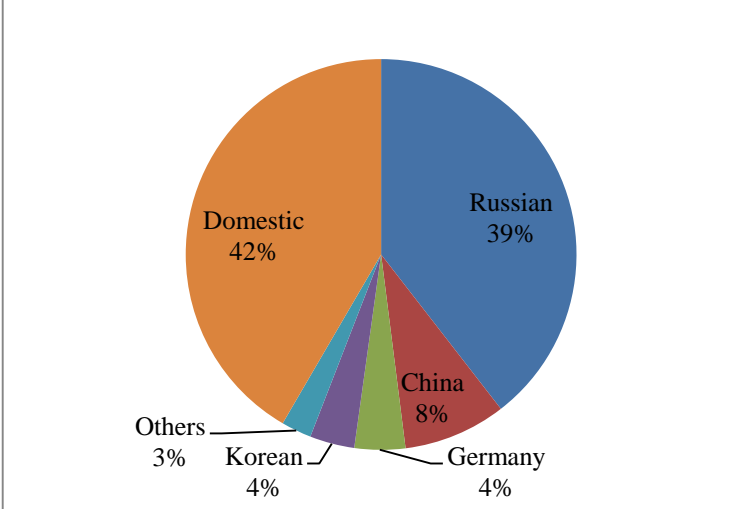
The Table 4.11 summarized the key characteristics of the Firm A and Firm B's background for the case study.

Table 4.11 Key characteristics of the Firm A and Firm B’s backgrounds.

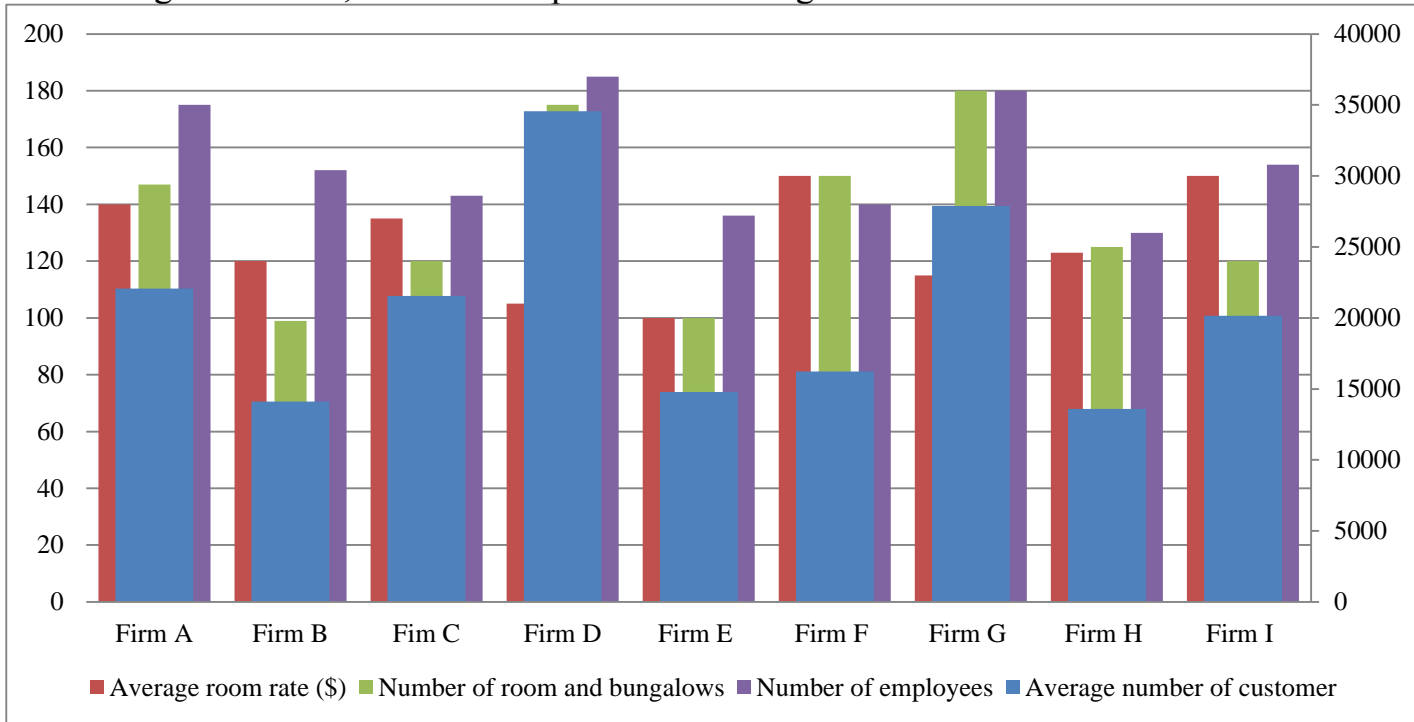
Background	Firm A	Firm B
History	<ul style="list-style-type: none"> • Established in 1997 with 20 bungalows. • In 1999, increased the land of building with total 40 bungalows. • In 2005, increased the capacity with 30 more hotels rooms. • In 2006, one the first resorts in Vietnam implemented new Information system and hotel management software. • In 2007, first time received the top ten resorts awarded in Vietnam. • In 2008, increased the capacity with 30 more bungalows. • In 2009, opened the Spa centre. • In 2010, recruited and became the first resorts to have customer care employees with multi-languages speaking. • In 2010, first time received “Excellence” rating from the booking.com and the tripadvisor. com • In 2012, increased the capacity with 47 more hotels rooms. • In 2016, first time received the international reward for luxurious beach party. 	<ul style="list-style-type: none"> • Established in 2005 with 20 hotel rooms and 10 bungalows. • In 2007, increased the land of building with more 20 bungalows. • In 2008, implemented new hotel management software. • In 2009, increased the capacity with 10 more hotels rooms and 10 bungalows. • In 2010, first resorts to open the sea sport centre. • In 2012, first time received “Good” rating from booking.com. • In 2015, increased the capacity with 29 more hotels rooms.

<p>Vision, Mission and Value</p>	<ul style="list-style-type: none"> • Vision: Maintaining the top quality for customer services in the region and improving continuously the competences to becoming the “modern resorts” with information technology support. • Mission: To provide the friendliest and warmest services to customers. To make customers feels like they are taking care off as family members in the resorts. • Value: Openness, Responsiveness, Friendliness, Top quality, and Nurture. 	<ul style="list-style-type: none"> • Vision: Becoming the top ten resorts in the regions. • Mission: To provide customers the best services and products. To refresh the service/ products portfolios make customers satisfied with new services constantly. • Value: Professionally, Creatively, Environmentally and Top quality.
<p>Organizational structure</p>	<ul style="list-style-type: none"> • Both firms have divisional organizational structures as following:  <pre> graph TD OP[Owner as president] --- GM[General managers] OP --- VGM[Vice General manager] GM --- D1[Front Office departments] GM --- D2[Sales departments] GM --- D3[Marketing departments] GM --- D4[Accounting departments] GM --- D5[Accomodation departments] GM --- D6[Food and beverage dept.] GM --- D7[Securities and Maintenances] VGM --- D1 VGM --- D2 VGM --- D3 VGM --- D4 VGM --- D5 VGM --- D6 VGM --- D7 D1 --- S1[] D1 --- S2[] D1 --- S3[] D2 --- S4[] D2 --- S5[] D2 --- S6[] D3 --- S7[] D3 --- S8[] D3 --- S9[] D4 --- S10[] D4 --- S11[] D4 --- S12[] D5 --- S13[] D5 --- S14[] D5 --- S15[] D6 --- S16[] D6 --- S17[] D6 --- S18[] D7 --- S19[] D7 --- S20[] D7 --- S21[] </pre>	

<p>Product/Services portfolios</p>	<ul style="list-style-type: none"> • 147 Vietnamese-like luxurious hotel rooms and bungalows with 6 types of options: Nova Deluxe rooms, Garden view bungalow, Beach front bungalow, Garden view deluxe, Dove cottage and Junior suite. • Luxurious villas • Water Lily Spa with Foot massage room, Steam and Sauna room, Beauty salon, Jacuzzi, Thai massage room, treatment rooms. • Yoga and fitness centre. • Kite surfing. • Conference room and meeting room. • Special events: cooking class, escape bar on sea. 	<ul style="list-style-type: none"> • 99 luxurious hotel rooms and bungalows with 10 types of options: Deluxe family sea views rooms, Deluxe family garden views rooms, Premium deluxe sea view, Bungalow beach front, Bungalow sea view, Bungalow pool view, Bungalow garden view, Deluxe sea view, Deluxe garden view and Deluxe. • Bistro, Pool bar, Hippocampe Restaurant • Gym, Spa and treatments • Transportation and excursion. • Wind surfing and Kite surfing. • Conference room and meeting room. • Special events: cooking class, weeding 																				
<p>Customers</p>	<p>Number of customers 2014-2016:</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Number of Customers</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>21500</td> </tr> <tr> <td>2014</td> <td>20500</td> </tr> <tr> <td>2015</td> <td>22500</td> </tr> <tr> <td>2016</td> <td>23500</td> </tr> </tbody> </table>	Year	Number of Customers	2013	21500	2014	20500	2015	22500	2016	23500	<p>Number of customers 2014- 2016:</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Number of Customers</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>15500</td> </tr> <tr> <td>2014</td> <td>12000</td> </tr> <tr> <td>2015</td> <td>14500</td> </tr> <tr> <td>2016</td> <td>16000</td> </tr> </tbody> </table>	Year	Number of Customers	2013	15500	2014	12000	2015	14500	2016	16000
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2014	12000																					
2015	14500																					
2016	16000																					

	<p>The customers according to nationalities in 2016:</p>  <table border="1"> <thead> <tr> <th>Nationality</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Domestic</td> <td>37%</td> </tr> <tr> <td>Russian</td> <td>32%</td> </tr> <tr> <td>China</td> <td>11%</td> </tr> <tr> <td>Germany</td> <td>9%</td> </tr> <tr> <td>Korean</td> <td>5%</td> </tr> <tr> <td>France</td> <td>3%</td> </tr> <tr> <td>Others</td> <td>3%</td> </tr> </tbody> </table>	Nationality	Percentage	Domestic	37%	Russian	32%	China	11%	Germany	9%	Korean	5%	France	3%	Others	3%	<p>The customers according to nationalities in 2016:</p>  <table border="1"> <thead> <tr> <th>Nationality</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Domestic</td> <td>42%</td> </tr> <tr> <td>Russian</td> <td>39%</td> </tr> <tr> <td>Korea</td> <td>4%</td> </tr> <tr> <td>China</td> <td>8%</td> </tr> <tr> <td>Germany</td> <td>4%</td> </tr> <tr> <td>Others</td> <td>3%</td> </tr> </tbody> </table>	Nationality	Percentage	Domestic	42%	Russian	39%	Korea	4%	China	8%	Germany	4%	Others	3%
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<p>Competitors</p>	<p>The main players which compete directly with both Firm A and Firm B in the regions is other 12 4-star resorts and hotels and other 3 5-star resorts. Among them, 13 firms are domestic players and the others two is from Thailand and France. Geographically, all the main competitors, Firm A and Firms B locate in the very similar natural settings and very near each other. Therefore, the competitions in the high-quality and affluent customer segments in the Binh Thuan tourism industry are really intensive. At the present, this high pressure of competitiveness and the mature stage of the tourism industry in the region make the barriers to entry really thick and complex which will cost the new start-ups a huge amount of investments and times to start to compete with all the strong and well-known brands in the regions. As a result, there are only 2 new entries in last 8 years and there is no new entry yet in last 5 years in the Binh Thuan regions for the new luxurious resorts and hotels. Following is the average number of customers, average room rates, number of rooms and bungalows, number of employees of some main competitors of Firm A and Firm B in the region.</p>																															

The average room rate, firms' descriptions and average number of customers:



Source: own research

Overview of Financial performance

In order to explore how CRM implementation of each firm influences their financial performance, an overview of their financial situation is necessary. Thus, the following part will provide more details on the two firms' financial performance. Figure 4.26 summarized the revenues, profits before tax and total assets of the main players in the high class tourists segment in tourism markets in Binh Thuan province. For confidential reasons, the firms are called as following Firm "A, B, C, D, E, F, G, H, I" in which Firm A and Firm B are the investigated firms in the case study analysis.

Firm A and Firm B are purposely selected as two contrasting case in terms of their performance in both customers and financial results. Firm A and Firm B are typical examples which represent two groups of high class resorts regarding their performance in Binh Thuan region. The first group consists of resorts that have stable and positive financial performance overtime. They manage very well their sources of incomes and achieve positive returns on investments and assets even in difficulty time (Firm A, D, E, F and G). On the other hand, the other groups consist of firms who are experiencing worrying trend in financial performance when there are significant changes in the market. The groups have very bad financial performance and negative return on investment in last 4 years (Firm B, C, H and I). The world economic crisis in 2008 and Russian customer crisis in 2013-2014 in the region have separated very clearly these two groups.

As presented in Figure 4.26, there are no patterns and correlations between the sizes of firms with the financial performances (Return on total assets – ROA). The ROA is chosen when the current main interest is on how effective a firm use its total assets to produce the profitability in general and for all the beneficial parties. ROA takes out the effects of capital structures on to the profitability. The Return on Equity (ROE) is chosen when the benefits of shareholders are the main benefits and the debt's effects are involved as presented in later analysis.

Even the smallest firms in terms of total assets (Firm E) can achieve much better results than the larger firms (Firm B, C or H). Thus, it is likely that the issues are not about the number of assets used for operation but how effectiveness the assets are used to create revenues for the firms. This is clearly showed in the correlation between ROA and the asset turnover rates of these firms. When the industry is mature and every player in the market can easily access the same type of resources, the costs for inputs will be very the same across all the players. Thus, the cost should not be focused but instead the ways how to combine the inputs into effective business processes and achieve the fitness with the market are the most essential tasks for the firms. In other words, every firm can now know how to run every process in the right way. However, choosing the right things to do such as the right customers to serve, the right means to

communicate with customers or the right services/products to offers are much more important to earn the living for the firm.

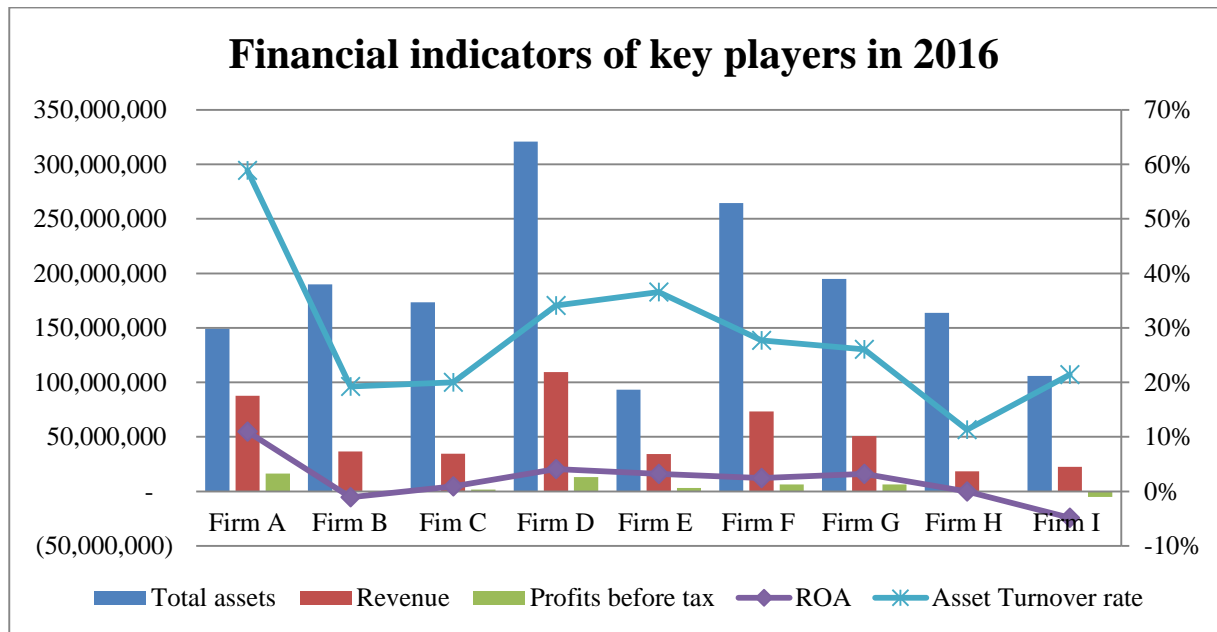


Figure 4.26: Total assets, Revenue, Profit before tax, Asset turnover (%) and ROA (%) of key players in 2016. Source: own research

Figure 4.27 and Figure 4.28 showed ROA and ROE of Firm A and Firm B in the period 2014 -2016. Firm A has showed the outstanding performance regarding its ability to generate profits comparing to the average number of the sectors in Binh Thuan province. On the other hand, Firm B has been underperformed for the period comparing to the average number of the key players in the sectors. This raises the questions about the unique factors in Firm A which make this distinction in the performance, even comparing to other firms with positive financial results.

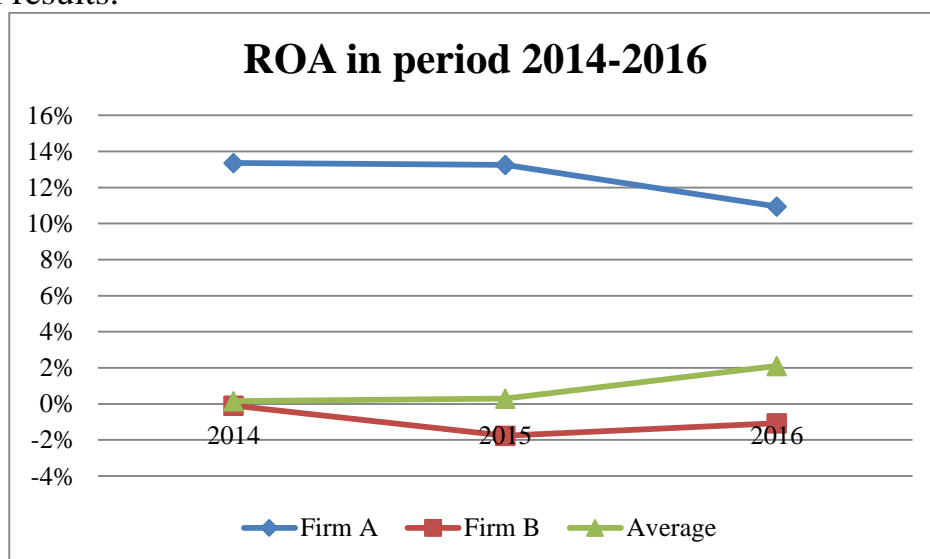


Figure 4.27: ROA in period 2014-2016. Source: own research

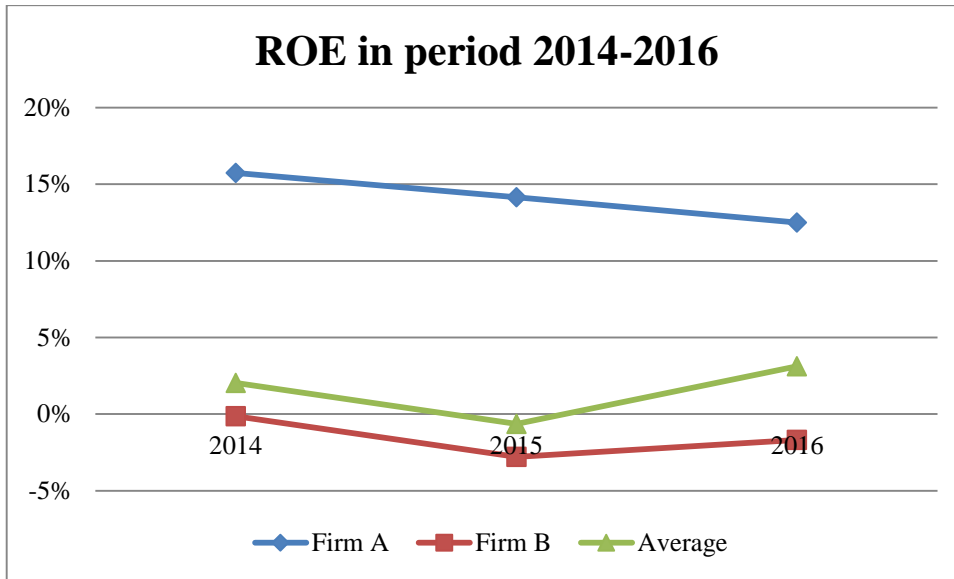


Figure 4.28: ROE in period 2014-2016. Source: own research

In addition, one of other distinctive characteristics of Firm A is that it used very low portion of debt in its capital comparing to Firm B and the average number of the sector presenting in Figure 4.29. In contrast, Firm B recently increased its debt portion and now had half of its capital as debt which is over the average number of the sectors (around 40%).

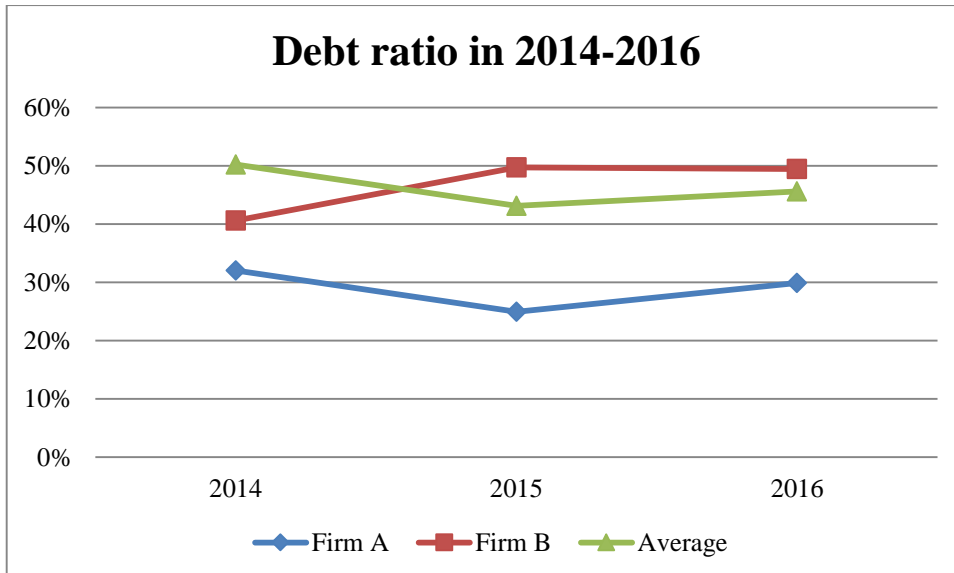


Figure 4.29: Debt ratio in period 2014-2016. Source: own research

In order to understand the multiple aspects which combined together to make up the ROE of the firm, Figure 4.30 showed the components of ROE according to the DuPont analysis using financial data in 2016. As presented, Firm A had profit margin which are four times higher than the average and which is the highest in the sectors. Although the use of debt is very low resulting in low

equity multiplier, the very high profit margin and asset turnover make the outstanding differences in its financial performance. In contrast, Firm B has been experiencing trouble not only in its effectiveness of using their assets to generate revenue but also in its profit margin. It is likely that its current business model has not allowed the costs of goods sold to be covered by the incomes from customers. In addition, most of the players in the sectors are maintaining very low profit margin, and accepted asset turnover and high equity multiplier to create the value for investors. This strategy might be good for investor in the short terms or in the stable market where there are not so much disruptive changes. However, in the dynamic environment, the combination of low profit margin and high equity multiplier might be risky. Because with low profit margin products/services, it is probable that they will be easily replaced or have to compete with other substituted products until there is zero economics profits.

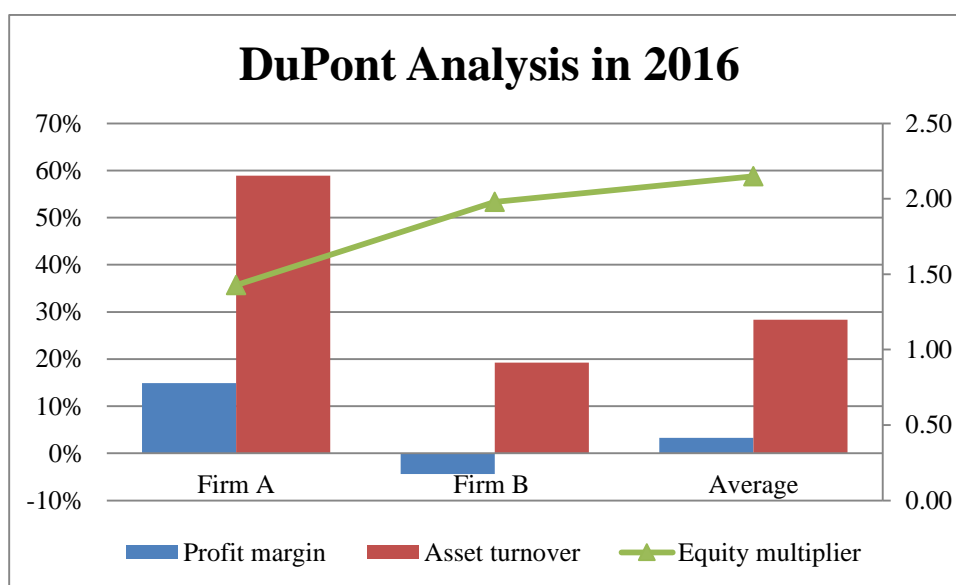


Figure 4.30: DuPont analysis in 2016. Source: own research

In short, there are clearly two separated group in the sector of luxurious resorts and hotels in Binh Thuan province regarding their financial performance and financial indicators. Firm A is defined as the leader of the sector by their ability to generate revenue and returns to investors even though it is not the largest firms with the most affluent financial resources and human resources in the region. On the other side, Firm B is the typical example of the group of firms which has been experiencing troubled trend of financial performance. According to the DuPont analysis, the reasons are likely about their business model and customer strategies making them unable to generate high enough revenue to compensate for low profit margin in their products/services offers to customers. Eventually, they cannot cover the costs and suffer the losses in recent years. In the next parts, the CRM strategies of Firm A and Firm B were scrutinized to shed more lights on their impacts on financial performances.

➤ **Part 2: CRM rationales and customer strategies**

Unlike large corporations and like most of the SMEs, Firm A and Firm B have not defined CRM programs as the official business processes. This means that they didn't appoint any personnel or didn't develop any separated department which are specialized in developing and managing the CRM processes. All the CRM processes and related elements have implemented through the configurations or integrations of new competences or capabilities into the existing business processes. One of the biggest differences between large corporations and SMEs like Firm A and Firm B is about the information technology infrastructure supporting the CRM processes. For instance, Firm X, the biggest resort in the region which is a 5-star resort which have headquarters in Thailand has implemented sophisticated computer program for supporting the CRM program. Moreover, this software is integrated as a component of a bigger and more complex enterprise resources planning (ERP) system which connects all the resorts locating in different regions together under the control of the headquarters in Thailand. In contrast, all the medium resorts like Firm A and Firm B in the regions have no resources regarding both human and financial resources for implementing these sophisticated systems only for CRM implementation. Therefore, Firm A and Firm B have very basic information technology and communication system for supporting CRM implementation. Most of the medium resorts including Firm A and Firm B have been using hotel management software developed by domestic IT companies with some basic features for collecting and storing customer information. Table 4.12 presented the computer programs which these resorts have been using and their basic features. Generally, there are three programs have been used by the firms in high class resort and hotels sectors in Binh Thuan province which are Smile, iHotelier and Opera Hospitality. There are one very big difference between Smile and other two programs that the other two programs are equipped with Data warehouse function which can integrate customer data from different modules into customer profiles. This make the analysis of customer data is more holistic and accuracy which is very essential to understand customer needs and watch for their changes in behaviours and preferences.

Table 4.12 Hotel management software used by the tourism firms in the sectors

Firm	Hotel management programs- Developers - Price	Main features
Firm B	Smile – Anh Minh Soft – \$1500/ year per user	- Smile FO: support front office operations like receptions, sales, etc. - Smile booking: support online
Firm C		
Firm E		

Firm H		<p>booking management.</p> <ul style="list-style-type: none"> - Smile POS: support Spa, restaurant operations - Smile HR: support human resources operations - Smile Energy: manage the energy usages in the resorts - Smile BO: support accounting and financial reports.
Firm I		
Firm A		<ul style="list-style-type: none"> - Basic features for hotel management like Smile software such as: Front office, back office, human resources, booking, restaurants, spa, accounting, etc. - Mobile marketing functions. - Personal Development Assistances to design and guide the working processes of any departments more seamlessly. - Easy to configuration and install new modules. - Able to integrate into other ERP systems. - Website development and internet marketing services. - Data warehouse function which can connect and integrate data from different modules together according to customer profiles.
Firm D		
Fim F		
Firm G	iHotelier- Asasoft – \$3000 / year per user	
Firm X – 5 star resorts	Opera – Oracle company – \$20000 / year per user	<p>All the basic features from the two previous programs. Some other key functions includes:</p> <ul style="list-style-type: none"> - Centralized system for multi-location, multi-property reservation management. - Intuitive sales screens that guide agents through reservation flow - Automatic multilevel rate and inventory controls - Support for complex operations such as shared reservations and

		loyalty memberships - Cloud services and mobile services
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Source: own research

At the present, the focuses of Firm A and B regarding CRM processes are about the development of human resources for customer services and developing the capabilities to understand customers or customer groups from the transactions histories with them. However, there are big differences in the two firms for the rationales for CRM implementation and the CRM strategies. Table 4.13 summarized the CRM rationales for CRM implementation and their CRM strategies after the first stage of the development.

Table 4.13 CRM rationales and strategies

	Firm A	Firm B
CRM rationales and customer strategies	<ul style="list-style-type: none"> • One of the challenges of the firm in the past is to cope with the very fast growth in number of customers in the past. Thus, it implemented the software of hotel management for improving customer services. • Overtime, the firm realized that the focus should not only about the customer services but also about targeting the right customer to serve. • The firm started to realize the necessity to understand the whole picture about a targeted customers or customer segments through the analysing of customer information using the analytical power of CRM program. • At the present, the importance of role of internet changes the rule of the game, CRM are needed to take advantages and mitigate the risks of the impacts of electronic world of mouth. • The significant changes in market in 2014 again emphasized the importance of the strong and long-term relationships with key customers to help the firms to overcome the difficulty time. CRM philosophies are becoming the must and need to be embedded into any business processes. 	<ul style="list-style-type: none"> • Firm B has started to focus on building customer relationships from the very beginning for that reasons that it has needed to compete with other competitors about customer services. • Overtime, Firm B has kept the same focus on customer services and built very clear business processes for customer services • However, the process driven environment where people relied on the processes make them worked in silos and the cross-functional cooperation toward serving customers has not been achieved. The CRM program is continuing to cope with this challenge. • The significant changes in market in 2014 make Frim B to change their customer strategy. The focus at the present is about increasing the portion of domestic customers. CRM program now needs to be adapted to understand and serve what domestic customers need.

Source: own research

➤ **Part 3: Cross-case findings**

To understand the typical CRM program at each firm as it actually occurred, the research team assembled data for each firm that identified the following:

- (1) the essential processes and steps in the CRM program which are designed for acquiring, serving and maintaining relationships with customers from the beginning to the end of the relationship;
- (2) the kinds of tasks happening at each step (technical, administrative, or budget related);
- (3) the levels that these tasks take place (management board, department managers, employees or cross-functional teams);
- (4) the effort required for each task in term of processing time and amount of human resources put into the task.

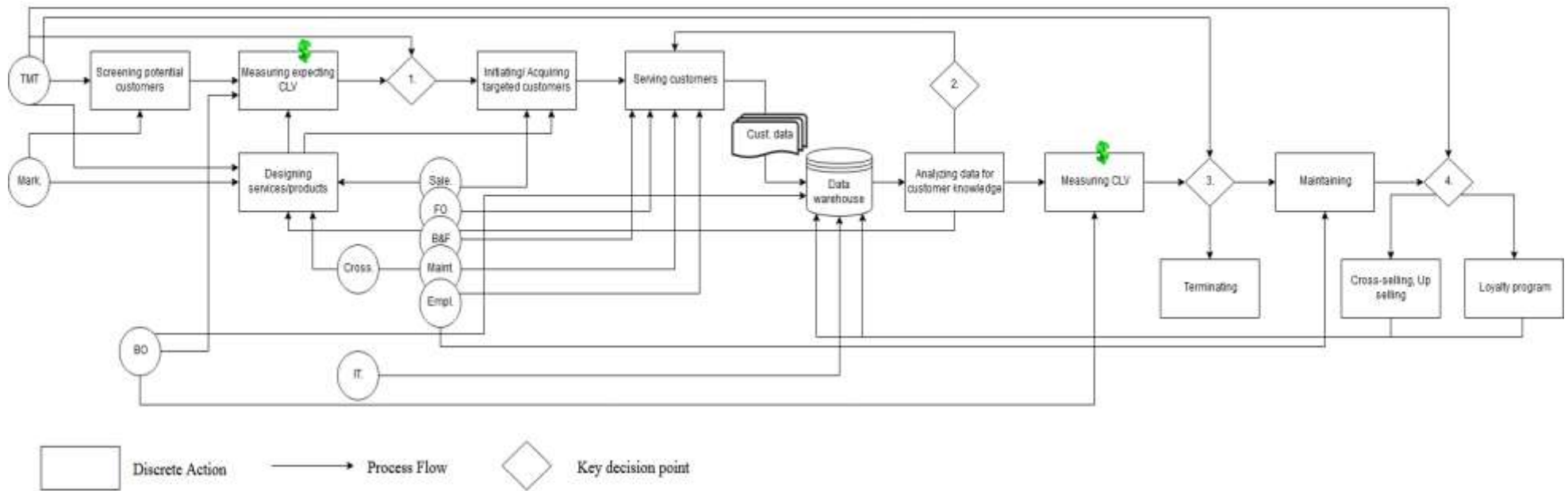
The data were based on interviews and records about the whole process occurring in the preceding financial year (2016). These were augmented by the direct observations of the research team about a specific event related to serving a key customer group of the resorts. These observations were deliberately selected to reflect the typical processes and major tasks in the CRM program taking place in both every day operations level and strategic level within the two firms. From these data, a flow diagram to trace the process at each firm was developed by the research team.

In processing and observing the typical CRM tasks conducted for a specific key customer group, the two firms appeared to fall into two different groups. This reflects the two different approaches to building relationships with customers:

Group I: The top management team is actively involved in all the CRM tasks from the beginning to the end. The management team does not just designs the CRM processes and monitor it to take place but also play key roles in any essential tasks (actively looking for new customers using personal relationships or actively participating in tourism tradeshow in different countries, acting as role models for customer services team, evaluating the customer values using accounting data, etc.)

Group II: The departments (but not the top management team) are involved early in the CRM processes. The top management team designed and described clearly the job descriptions in every task of the CRM programs and delegates jobs specifically to every departments and personnel.

Group I have the greater top management team involvement than Group II and thus are more centralized in their CRM program. Alternatively, Group II is more departmental involvement and thus is more decentralized. According this observation, Group II is more similar to the organization of CRM program in large corporations. The size of customer base are usually too big in these corporations, therefore the decentralized delegations of CRM jobs are required. In this way, each personnel and departments have their own range of powers to decide which actions should be taken without pushing the issues upward to higher position. In other words, the CRM program are automatically to greater extends than the firms pursuing the centralized organization in Group I. For example, Firm X, the biggest resorts in the region follow this automatic setting for their CRM program with the support of very sophisticated CRM software and human resources from headquarters in Thailand. Surprisingly, Firm A with the greater number of customers and better CRM-related IT infrastructure as mentioned in previous parts did not follow these automatic configurations in their CRM approach. Instead, Firm B has showed more evidences of following the Group II strategy of CRM program. This fundamental difference in CRM approach led to many distinctions in the two firms' CRM programs. The flow diagrams presented in Figure 4.31 and Figure 4.32 described the CRM processes in the two firms and highlighting the differences in major steps, the tasks in each steps and the ownerships of each step within each organization. For developing the diagrams, logic model are used as the template for tracing the flow of information and decisions throughout the CRM processes.



Institutional decision makers:



- TMT : Top Management team
- Mark : Marketing departments
- Sale : Sale departments
- FO : Front office departments
- B&F : Beverage and food departments
- Empl : Employees in general
- Maint. : Maintenances departments
- IT : Information technology departments
- BO : Accounting & Fiance departments
- Cross : Cross functional teams

Key decision point:

1. Decide to initiate relationships with customers or not
2. Decide which services/ products to server, which ways to communicate and when to communicate
3. Decide to maintain or terminate relationships with customers
4. Decide continuously the current stage of relationship life cycles and which ways to maintain relationships

Figure 4.31: Flow diagram of CRM processes in Firm A. Source: own research

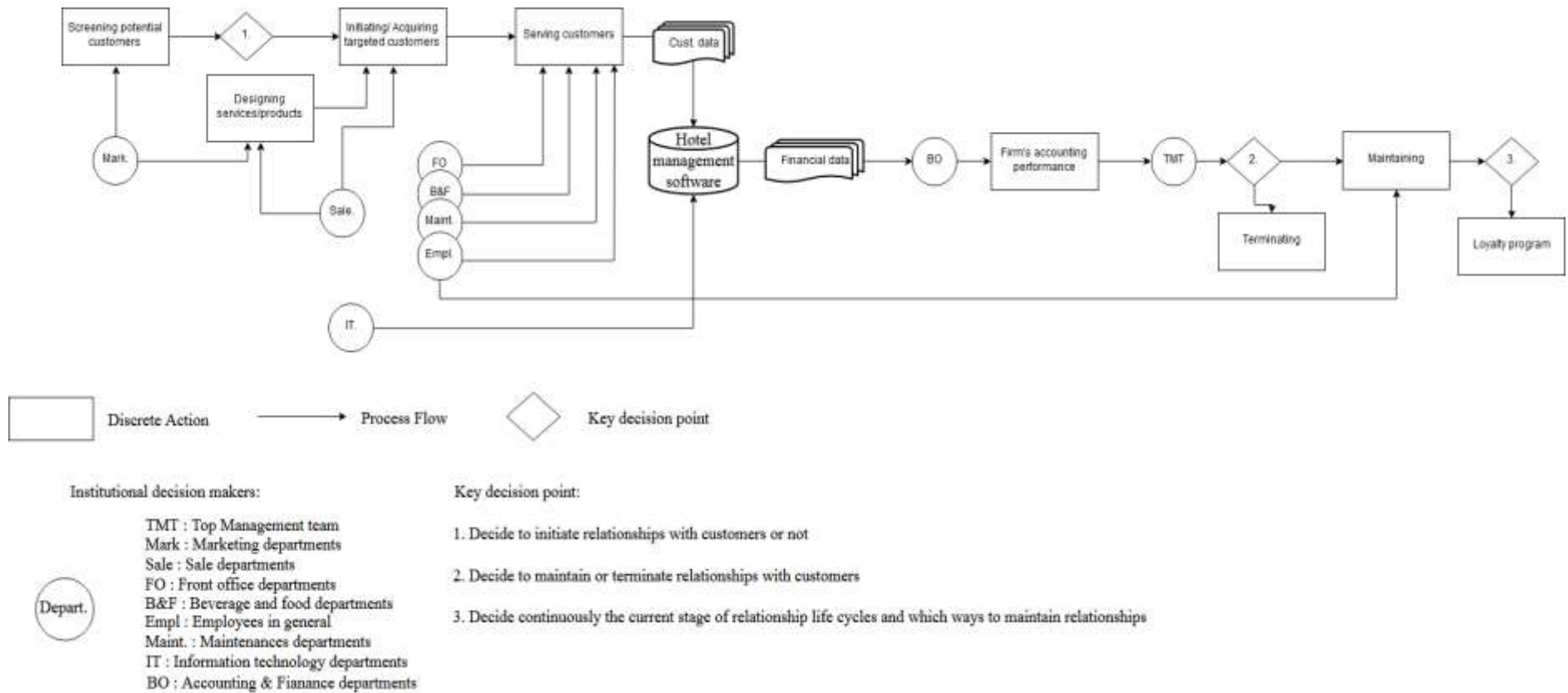


Figure 4.32: Flow chart of CRM processes in Firm B. Source: own research

➤ **Lessons learned**

Topic 1: Facilitators of CRM processes

It appeared that managers in Firm B have more times for strategic tasks than their peers in Firm A. This is more similar to the organization of business processes in large firm. According to the CRM processes presented in Figure 4.30 and Figure 4.31, management team in Firm A participates in all the key decisions in CRM processes from the beginning till the end of the processes. In contrast, top managers in Firm B only participate at the end of the processes and decide whether which customers need to be focused and served for building long-term relationships. The departmental managers have more powers to decide which way their departments will operate. However, as the direct observations of what happens, the CRM process in Firm B actually take place within an established and firm CRM processes with very particular job descriptions for every task in the process. Therefore, along with the loose controls from the top managers is not the creative ways of doing things from the lower level managers and employees. But instead, it seemed from the interviews that, employees and departmental managers are keen on keeping the rules and value the process-orientation than the customer-orientation. For example, Front office managers in Firm B told that he feels very confident in their company business processes because it seems that everyone know exactly what to do. He knew very well every employee's jobs in his departments and he was sure that he had all the tools to exactly know the requirements of all customers in the resorts at that moment. However, when asking about the present situation why his company has been experiencing the worrying financial performance, he realized that he did not know exactly what are happening regarding the others' departments jobs then he cannot defined the bottle-necks elements contributing to the unprofitable financial results. From these evidences, it can be said that Firm B might be suffering the threat of silos in working environments where people are not willing to go further to share more-than-responsibilities to their peers in other departments. There were also no evidences about the presents of the cross-functional teams ever for any projects from the documents recorded. The interviews with employees and managers in Firm B also confirmed that the cross-functional philosophy for customer serving in Firm B was not visible. On theory, the automatic in CRM processes in Firm B is emphasized which can enable the quick and proactive reactions from employees by freeing them from the dependences on the power of the higher level of management to some extends. However, there are some specific conditions which a firm need to be satisfied to be able to maximize the benefits from this setting. First, a firm need to have very high qualified personnel which can work independently and creatively in their ranges of powers to create new value to customers or new way to resolve issues in the resorts. Second, the IT infrastructure and the knowledge management including systems for knowledge creation and knowledge sharing

need to be already established and worked effectively to enable the smooth flow of information, especially customer information throughout the organizations. Third, the organizational culture should value the trial and error approach in solving problems and it should be implemented from the top managers. Only this type of managers can free the potentials in employees and boots the cooperation throughout the departments in the organizations. One of the major problems with the Firm B is that they don't have stable personnel in their top management positions. Therefore, the organizational cultures are not defined very clearly. Even though, the new general manager who is very willing to change the current no-culture situation to customer orientation culture, the "path dependence" is not so easy to turn around. It will take him some time before things might get better.

Firm A is not problem-free. However, unlike Firm B, it didn't strike to automate the CRM process like in large companies by strictly defining the roles of specific departments for specific jobs in CRM processes. It has been keeping the very traditional CRM approaches which results in a very complex and sometimes a little chaos in their CRM activities. Because it seems that there was no official CRM implementation in their business processes. It was actually that all the CRM activities have been under the control of one very specific manager which fortunately for Firm A is the general managers. From 2005, the same general manager till now has been the role model for any CRM activities in the firms. She has been becoming the "CRM champions" for employees in the resorts. Over ten years, she and key employees in the firm have created a culture that favouring the relentless generation of new ideas for serving customers better and better. Even though the CRM process and flow of information in Firm A are much more complex and more works need to be done for any key decisions, some level automation are actually achieved in Firm A. Nevertheless, through scrutinizing the annual reports of Firm A in last 5 years, the chaos states of CRM processes in Firm A had lasted in a very long time before reach to the current order of processes as presented in Figure 4.30. From these observations, a lesson can be derived as following:

***Lesson 1:** The costs for achieving the automatic and creative CRM processes in SMEs are not finance-related or technology-related but instead about the time and commitments of the top managers in pursuing the incremental innovation strategy in their CRM processes. Applying the automatic settings of CRM program like in large firms is not visible for SMEs without specific conditions.*

***Lesson 2:** In addition, the first objectives of the managers should be about creating the organizational cultures and structures which are favorable for continually generating new ideas for serving customer better over*

time. This habit can create the agility which is the fundamental for the incremental innovation strategy in CRM.

Topic 2: Change mechanism in CRM process

Relating to the design of data and decisions flows in the CRM process, Firm A has much more processes and data flows in the CRM program comparing to Firm B. Especially, the feedbacks loops were designed at many points in the CRM process in Firm A. Alternatively, the data flows in Firm B followed a linear sketch in which data went just in one direction. This dissimilarity became very obvious when observing the way information is organized within the firms. In Firm A, all the information and data were centralized in one single server acting as a data warehouse. Then they are transferred to differences directions in the firms to any employees who need the data going both forward and backward in the processes. Furthermore, Firm A's vision to become the "modern" resorts to gain the advantage of new technologies has pushed it to implement more powerful analytical modules into their existing software for analysing customer data and transferred them to the customer knowledge in 2016. The update cost the resort a significant amount of financial resources comparing to the initial costs of installation the old software. This again came from the visions of the general managers. He said that "when you are lucky enough to have time to improve everything you can gradually, it is the time to make the breakthrough".

At this point of the CRM process, there was a very big difference between two firms about the outputs of the information flows. After the customer serving process, customer data collected are the inputs for the hub of information and data processing (the data warehouse in Firms A; the hotel management software in Firms B). However, the outputs after the data processing are opposite to each other. Firm A's outputs were the customer knowledge (including the financial results of each customer or customer group) which feed backward to the serving customer process and designing service/products process. They also feed forwardly to calculate the Customer Lifetime Value (CLV) for the particular customer or customer groups. Firm B's output is not about the customer knowledge or useful information but mainly financial numbers serving for the accounting purposes. These financial results also didn't feed backwardly to any previous processes as the inputs for improving them in Firm B. This lacking of feedback loops wastes a lot of useful resources which can be used as the competitive advantages for the firm. As a result, firm B is losing its best customers to their competitors such as Firm A.

More importantly, the two-way flow of information and the data processing processes becomes an essential part of the change mechanism embedded in the CRM program of Firm A. They feed the other processes in CRM program with valuable inputs for signalling the changes in the market and customer

preferences. For example, the responsiveness to online customer feedbacks in Firm A has been becoming one of the key new important features of the Marketing departments. This thanks to the very good internal information systems which collect and transfer the issues from online channel to the offline meetings where relevant departments and employees can scrutinize the issues and having the right communications back to the online channels. The result of this two way communication has informed about the customer preferences and changes to all the personnel in the resorts from the top managers to the employees at low level in the organization structure which directly serve the customers. Talking with the employees and managers in Firm A about the changes in the market and customers in the event of 2014, they didn't realise any big changes in the firm to response to these changes in the customer services processes. This was actually understandable to Firm A because the customer services in the firm have been changing very gradually every day through dealing proactively with customer feedbacks. With this type of responses, Firm A is always in readable situation for every change in customers and markets. This fashion of change mechanism is actually very complicated because it happens under the surface of the CRM process and need to be internally developed overtime. From these observations, a lesson can be derived as following:

***Lesson 3:** Knowledge management and the feedbacks loops designed in the CRM processes are essential to utilize the most important resources (customer information and feedbacks) for improving the CRM process relentlessly. This kind of information flow is the foundations for the incremental innovation strategy for the CRM process in SMEs.*

One more very important element which aids the smooth of change-mechanism in Firm A's CRM process is the visible of financial indicators of the performance of the relationship with customers which is Customer Lifetime Value (CLV). CLV is calculated as the net present value of the expected income from a particular customer or customer segment during their lifetime with the firms. For calculating the accurate CLV, there are some requirements which Firm A have achieved and overwhelmed their peers in the region. First, the internal information system in Firm A has allowed it to allocate the exact cost the specific customer relationships regarding the resources employed. Second, managers in Firm A were very keen on evaluating all the monetary benefits (cash flow from consume services, growth of cash flow from cross-selling and up selling) as well as non-monetary benefits (referral benefits, networking benefits or learning benefits) of a specific customer relationship. The evaluation process is done by Firm A every quarters to define the targeted customers. Third, Firm A also defined the stage of the relationship with specific customers to define the fluctuation in their cash flow and costs over their lifecycle with the

firms. Four, Firm A also defined the uncertainty in the cash flow from customers by looking at outward to the macroeconomics factors or socio economics factors in the home countries of their customers. Then they used these justifications as the base for deciding the rate of return required for discount all the future cash flow back to the present. However, as a SME with limited resources in accounting system, Firm A didn't expect to derive the exact number of CLV for each customer for forecasting financial performance accurately. Instead, Firm A use CLV as the classification tools to know which customer relationships are profitable and worthy to invest more amount of efforts into them.

In contrast to Firm A, Firm B had no process of calculating the financial performance of specific customer groups. Therefore, in 2014 when the Russian economic crisis suddenly happened, Firm B was very confused about which markets they need to penetrate to compensate for the Russian market. They had no clue about the cost and benefits in term of monetary and nonmonetary units of different markets. As a result, managers in Firm B decided to focus on domestic customers because of their low cost of acquiring comparing to other markets as explained by the Firm B's sale managers. Unfortunately, the revenue and profit margin from domestic customers cannot compensate for the costs of services and products which are intended for serving high class foreign customers (they even had to decrease the room rate for domestic customers). This led to the negative cash flow in Firm B in recent years.

Firm A, alternatively, in the end of 2013 had been informed about the sudden drop in numbers of Russian customers and very quickly adjust their business models to focus on other high profitable customer segments. Having all the evaluations already done by CLV calculation process, they quickly defined other Asian market such as China, Korea and Japan having very similar costs and cash flow as Russian market. As a result, the Chinese and Korean customers have increased a lot in numbers which compensated for the loss of Russian customers. The traditional western market such as Germany have also increased as now there are available vacant for them to come. The fail of penetrating the Japanese market has not affected very badly to the general results of transforming the targeted markets of Firm A. Therefore, the profit margins and revenue of Firm A has always remained at the highest level in the region. In short, following lessons can be proposed as:

***Lesson 4:** It is finally that the financial results are the most matter to make the firm survive and thrive in the long terms. Therefore, the most important changes needed to be followed should be the financial performance of the relationships with customers in the CRM process.*

Lesson 5: Financial indicators have been seen as the results and lag indicators of other leading indicators in customer performance or business processes. However, financial indicators at the micro level (specific customers or customer segments) can also play a leading role leading strategic changes in others areas of the company.

As there are huge differences of customer and financial performances between Firm A and Firm B mentioned in previous parts, these distinctions in CRM processes might be one of the reasons accounting for the performance differentials between two firms. Therefore, there are some lessons which can be learned from this case study. The lessons are the findings of this specific case study and the generalization is not the focus for case study method. Yet, these lessons can be considered as the working hypotheses which might be need to be investigated further in future research about the topic.

5. RECOMMENDATIONS

This dissertation finally recommended some suggestions based on the preceding empirical evidences about the new comprehensive CRM implementation framework provided in the previous investigations. In general, this dissertation highlighted the roles of CRM as a successful factor which can differentiate the customer performances and financial performances among firms. Specifically, different approaches to the implementation of CRM at the very beginning of the processes can actually lead to the very different results in the performance of the CRM. In addition, this dissertation also took into account the unique characteristics of SMEs to define the driving factors determining the success of CRM implementation. The lacking of profound number of research on CRM topics in SMEs context usually makes both practitioners and researchers ignore the distinctions between SMEs and large corporations regarding to the CRM implementation processes and its conditions for the successful CRM project. Especially, the dynamic and fast-pace changing business environment has make the distinctions and conditions for success among these two types of corporations severe and divergent than ever. This dissertation, therefore, suggests some recommendations for successfully implementing CRM in both SMEs context and the dynamic environment as following.

First and foremost, the comprehensive framework for CRM implementation can be used as a guideline for managers in SMEs to leverage the customer relationship for improving their financial performance. As found in this study, all the interrelationships between components in the framework are significant and in the expected order and direction as presented in Figure 1.10. The clearance in the role of each component also helps managers in SMEs to start to examine their own ongoing CRM program. Then they can easily and clearly define where the weakest links are or the components which are missing in the whole process chains. As a result, they work on them to modify the problematic links or acquire the new resources to build the competences for the components which are missing.

Recommendation 1: Mapping and deconstructing the CRM implementation processes as following the proposed comprehensive framework for CRM implementation.

Secondly, from the results of qualitative and quantitative investigation, SMEs which effectively implement CRM program more often than not consider CRM as strategic business philosophy for configuring all the business process (Figure 4.7). However, most surveyed SMEs use CRM for solely customer services processes and for supporting the customer problems solving (Figure 4.7). Thus, it is suggested that the mindset of managers in SMEs about CRM need to be right at the very beginning of the implementation process. The main CRM activities alone are not profound enough to fulfill the expected results of

sustainable and profitable relationships with targeted customers. For achieving this core result, CRM implementation should be treated as the strategic business processes consisting of many supportive and subordinated processes within it. This is the prerequisite and a must condition by which the first recommendation can work out and the proposed CRM implementation framework can be used as the blue print for guiding the implementing process.

Recommendation 2: CRM should be treated as the strategic business processes consisting of many supportive and subordinated processes within it.

Thirdly, as presented in the previous investigations, it is the commitment from top managers and the owners as well that keep the CRM implementation process alive from the beginning step to the end results. For achieving the automatic and creative CRM processes to some extent in SMEs, the finding suggest that the determinants are not finance-related or technology-related but instead about improving the CRM processes over time following the incremental innovation strategy. Even with the support of advanced CRM technology, applying the automatic settings of CRM program like in large firms is not visible for SMEs without the commitment from top managers and owners. Because SMEs are usually characterized by the lacking of both resources and competences comparing with large firms, the focus in CRM should not about the efficiencies and sophisticated in CRM processes and activities. Instead, SMEs should take their natural advantages which are the closeness to the customers and the flexibility for creating trusts between the firms and their targeted customers. This objective is only achieved when there are mutual trusts between employees and their employers. In other words, when participating and supporting the CRM activities on regular basics, top managers and owners publicly and repeatedly claim that CRM activities are the top priority which brings benefits to the firms and all the people participating.

Recommendation 3: Managers and owners in SMEs should invest more time in CRM activities to become the “CRM champions”.

Fourthly, these are especially true for the cases of SMEs where they do not have enough resources for investing in the sophisticated technology infrastructures such as data warehouse or the CRM software packages which support the complex and powerful analytical capabilities. Concerning this issue, we need to go further than the recommendation 3. It means that other than the regular participant in CRM activities, it is key responsible for top managers to create the structures and frameworks which support the CRM implementation. Top managers in SMEs can do it by issuing CRM-favorable policies and redesigning organizational structures. Specifically, managers in SMEs need first to achieve to some extent the customer-centric organizational factors such as the commitment from the top managers to the CRM implementation, the rewards

system and cross-functional management system which direct the efforts of employees toward leverage the superior relationship with customers. As presented in previous investigations, the evidences of cross-functional teams are what distinguish these CRM strategies. The “loose functional organizational structures” are the most implemented by most surveyed SMEs. In this type of organization structure, each function is owned by each department but it also emphasizes the collaboration between different departments for running the CRM processes. The most important benefit from this organizational structure design is about the flexibility and agility a firm can achieve. It enables firms’ capability to proactively and quickly adapt with new business models to achieving new competences and competitive advantages. The cross-functional teams also engage all the employees in the firms in the common objectives making each employee feel the sense of clear purposes in their jobs contributing to the CRM program. The plenty and repeated efforts from top managers across all the areas in the organizations can the ultimately create the CRM-favorable cooperate culture.

Recommendation 4: In the context of SMEs, the strategic organizational factors should be the first antecedent to achieve. It builds the working blocks based on them other antecedents and CRM activities can be developed.

Fifthly, another key important foundation for successful CRM implementation is the management and use of customer information through the practice of knowledge management. Only when high quality data and knowledge about customers can reach to the employees who are responsible for initiating, maintaining or terminating a customer relationship, the CRM activities can be executed in the right manners (Ashawi, Missi & Irani, 2011). As presented, KM in most of the surveyed SMEs is still in their infancy stage which focuses mainly on capturing explicit knowledge and developing means of storing and transferring KM. The focus on explicit knowledge limits the employees’ ability to act at their best regarding their CRM efforts because most of customer information and knowledge are in form of the tacit knowledge. Thus, the most imperative challenges SMEs need to achieve regarding the KM is about building the communities of KM or the culture where people across the enterprises are willing to share know-how and experiences to each other. More importantly, even in the case of tacit knowledge captured, if it cannot be accessed or reached to the end users who can convert it into the meaningful actions, the KM is still underperformed. It is the current situation in plenty of large firms in which they can capture the customer information and knowledge in details with the support of advanced CRM technology. However, their organizational structure and culture don’t design for bring the valuable knowledge to the end users. Then no necessary actions are taken and the knowledge is wasteful. Thus, for the effects of technology to fully reveal, knowledge management, especially the knowledge

sharing channels should be firstly developed to some extent. Specifically, in SMEs, the two-way feedback loops should be designed to connect all the hierarchy levels across the SMEs. This kind of information flow is the foundations for the incremental innovation strategy for the CRM process in SMEs.

Recommendation 5: In the context of SMEs, knowledge management (KM) is more important than the technology infrastructure for improving the results of CRM efforts.

Sixthly, managers in SMEs need to find the appropriate balance to combine the traditional CRM activities with the E-CRM activities which are supported with some common technologies such as website, email and database through spreadsheet applications (Harrigan, Ramsey & Ibbotson, 2012). SMEs are still afraid about the channel conflict when applying the new information and communication technology such as Internet into the traditional CRM activities such as face-to-face communications with customers. However, the use of new technology should be as the supplementary factors not the substitutions for the traditional ones which are crucial to SMEs. For example, the contacting through email for collecting all the information needed for the offers of product and services can save up time for the more important event for building long-term customer relationships which are the face-to-face conversation with customers. According to Harrigan, Ramsey & Ibbotson (2012), there are ten actions by which SMEs can consider to follow to improve the traditional CRM regarding the application of E-CRM:

- i) Use three key technologies: email, website and database;
- ii) Use email for ongoing and simple customer communication;
- iii) Use face-to-face channel for higher-quality, higher-value and complex transactions and communications;
- iv) Design websites with key words for search engine optimization;
- v) Use website as a tool to gather information on customer;
- vi) Record customer interactions, both online and offline, in an accessible database;
- vii) Use information in database to manage customers across communication channels;
- viii) Use information in database to predict sale and facilitate annual planning;
- ix) Use information in database to identify customer trends and sell more; and
- x) Use E-CRM to delegate relationship management duties to employees.

Recommendation 6: The combination between traditional CRM and the electronic CRM (E-CRM) is necessary regarding the innovative landscape in the digital age.

Next, the evidences from qualitative investigation showed that most of the surveyed SMEs use aggressive price strategy or somewhat randomly add more services and products to serve more and new customer segments following the growth-seeking strategy (Figure 4.10 and Figure 4.12). This change strategy is not sustainable because it focuses on the short-term and always reacts and goes after the already established trends in the market when other competitors also take the same actions. In addition, what actually changes are not about the SMEs' competences but instead about the bargain of benefits between the SMEs and customers. There is no win-win situation if following this change strategy. On the other hand, few surveyed SMEs executed the changes by their capabilities to configure or upgrade all the business processes gradually but simultaneously to fit them together for creating the new capabilities and competences at the enterprise-wide level. To some extent, these SMEs have followed the incremental innovation strategy and the Customer Agility approach for their change-mechanism.

Specifically, the quantitative evidences showed that the Dynamic capabilities are necessary in SMEs but it is more crucial to use the Dynamic capabilities to improve the specific business processes. As found in this current study but usually overlooked in the previous researches and the practice, the operating business processes efficiencies should be the most essential linkages to transfers all the efforts of other higher order capabilities such as Dynamic capabilities and CRM activities into the firms performance. In this study, the Marketing capability and New Product Development capability showed that they can be the business processes which can be utilized for this objective. Managers in SMEs should pay attention to the direct the efforts of CRM activities and Dynamic capabilities towards these two business processes. For instant, the Maintenance activities in CRM program can sustain the long-term relationship with customers by continuously examine the current stage of the relationship with a customer, then providing useful information for designing and ultimately offering the new products or services to fulfill emerging demands from this customer timely and profitability. One interesting finding is that SMEs in this study prefer to use the Dynamic capabilities to improve the New Product Development rather than the Marketing capability. This finding is consistent with the approach employed by few surveyed SMEs which choosing the incremental innovation strategy. By choosing this approach, regular improved or brand new products will be the end results instead of regular marketing campaigns for promotions for price strategy.

Recommendation 7: For coping with the constantly fast-pace changing marketing, the Customer Agility is necessary for SMEs. Specifically, the Customer Agility as the change-mechanism help firm to focus on competitive advantages when changing their CRM implementation instead of encouraging by the financial performance focuses.

Finally, the “dual creation value” concept suggests that firms should treat customers as the partners. Moreover, it should design the procedures to engage customers continuously in the designing products and services offers. Managers in SMEs should design the performances measurement systems which include the value delivered to customers as one of the most important leading factors which need to be closely monitored. The rewards systems for employees should be designed to attach with the value delivered to customers as well for facilitating the customer relationship. In addition, the “dual creation value” concept highlights the important of defining the win-win relationship in which both customers and SMEs is in the money. This issue requires the procedure for calculating the relative value of customer in their lifetime with SMEs. The results should give the approximate value of each customers or customer segments in term of financial performance which are mostly ignored by SMEs. These financial indicators for the lifetime value of each customer/customer segment can provide the essential inputs for the investing or divesting decisions of managers on particular customers.

Recommendation 8: The Performance measurement system should be designed to reflect the “dual creation value” concept as the core successful factors.

6. LIMITATION OF RESEARCH

This dissertation has attempted to develop a new comprehensive framework for CRM implementation for SMEs concerning the existing gaps and issues within the topic. It also tried to provide empirical evidences for testing the validity of this framework in the real context. Although it has been done with great efforts and supports, this dissertation has still contained several factors which lead to the limitations in the research.

6.1 Methodological point of view

It is important to have the unbiased data as the first prerequisite for critical analysis and justifiable findings. This dissertation employed the questionnaires and interviews as the main tools for primary data collection from the SMEs. Thus, there are considerable chances of getting biased answers which might lead to the wrong perception. However, this dissertation also employed the triangular principal in research by doing both qualitative and quantitative analysis for cross-checking. This reduces the risks of biased findings considerably.

6.2 Practical point of view

Cost and resources: The research has been done mainly by the individual efforts with great supports from the supervisors. Thus, the financial resources and human resources are limited. This led to the limitations in number of units in the data samples and the quantity of information collected.

Culture: The research has been done in Vietnam where companies are not familiar with sharing and cooperating with researchers for academic purpose. Thus, there are limitations in specific information desired for the research.

Time: The research has been done in limited time so that there are many aspects which the dissertation cannot cover.

7. CONTRIBUTION OF THE DISSERTATION TO SCIENCE AND PRACTICE

The expected contributions of the research can be divided into three groups of theoretical knowledge, practical applications and the academy.

7.1 Benefits for the theoretical knowledge

This research contributes to the overall efforts which attempt to investigate the relationship between implementing CRM in SMEs and their firms' performance, especially in changing condition. Using new approach about sources of competitive advantages and embedded change-mechanism, this research proposed and tested a new comprehensive framework for CRM implementation. The factors determining the causal relationships between CRM implementation and firm's performance were identified. Particularly, there are some key points which the dissertation might contribute to the theoretical knowledge as following:

First, the literature on CRM are based mainly on the theory of resources based view (Coltman et al. 2011; Kim & Kim, 2009) or CRM are considered as the distinct topic and did not relate CRM to any theoretical background (Chang et al. 2010; Minami & Dawson, 2008). This issue leads to the different approaches of academic researches about CRM implementation processes. Thus, previous research on CRM has raised the need for the adoption of a comprehensive CRM approach for implementation purpose (Payne and Frow 2005). The main contribution of the current study is to unify the main theories about competitive advantages across the fields of management, organizational economic and marketing to explain the performance differentials between firms as the theoretical backgrounds for the CRM implementation process (Chamberlin, 1933; Hunt & Morgan, 1995; Pelham & Wilson, 1996; Porter, 1980; Peteraf, 1993; Wernerfelt, 1995). Then the specific components for the comprehensive CRM implementation process were defined and matched with the components on the unifying framework of sources of performance differentials as presented in Figure 1.10. It is posited that this comprehensive CRM implementation framework is one of the first on CRM topic which defined clearly the role of its components by relating them with the competitive advantage theoretical framework. It is also argued that any future research on CRM topic should base on the competitive advantage theories to define their approach to CRM. Especially, with the inclusion of Customer Agility dimensions into the framework, it addresses two big gaps on CRM topic. The first gap is about the mediating mechanisms for transferring the effects of CRM processes to firms' performance. The second one is about change-mechanism which is essential to be embedded into the CRM implementation framework for dealing with the current hyper-changing business environment.

The second theoretical contribution of this current study is about the explorations and explanations of the interrelationships between the antecedents of CRM activities and different type of CRM activities on customer facing level. In the context of SMEs, this study is also a few researches exploring these interrelationships. The empirical results confirmed the observation that the most important factors determined the successful of CRM program lie in the strategic organizational factors by investigating the contributions of each antecedent to each CRM activity are different in term of their effect size. The average effect size of strategic organizational factors to all three CRM activities in this study is the highest. Moreover, the least influential factor to the CRM activities is the technology infrastructure. These findings are consistent with many previous researches on CRM topic where CRM are defined first as the strategic management system and should be designed as companywide program (Ernst et al., 2011; Payne & Frow, 2005; Kim & Kim, 2009; Reimann et al., 2010).

The third theoretical contribution of this study is about the mechanism how CRM activities can affect the firm performance. This current study is one of the first one which considers Customer Agility as the missing links between CRM activities and firms' performance. In addition, Customer Agility is argued to compromise between both Dynamic capabilities and Operational capabilities in this study by including both specific Dynamic capabilities and specific operating business processes as its dimensions which is different from most of other studies which mainly consider Customer Agility from dynamic perspective (Bernardes & Hanna, 2009; Roberts & Grover 2012 a, b). Specifically, this study conceptualized and provided the empirical evidences of the role of different types of Dynamic capabilities as the mediating variables of the CRM-business performance relationship (Desai, Sahu & Sinha, 2007; Landroquez et al., 2011; Wang & Kim, 2017). More importantly, this study highlights the necessary of the Dynamic capabilities but also argue that their effects should be transferred into the efficiencies of particular operating business processes to have more impactful effects on firm performances. These findings are consistent with the suggestion of Chicago school that business process efficiencies should be the sources of abnormal returns (Conner, 1991; Stigler, 1986). This is also consistent with the recent researches which highlight the specific business processes as the essential mediating variables for the CRM- business performance relationship (Chang et al., 2010; Ernst et al., 2011).

Finally, in this study, it is found that the high level of Customer value should be achieved first then it can mediate the effects of CRM activities, Dynamic capabilities and the business processes on Financial performance. This finding emphasizes the importance of the “dual creation value” or “co-creation” concepts (Boulding , Staelin, Ehret & Johnston, 2005; Payne & Frow, 2005). For exploring the benefits of intense engagements with customers, Wu and Tsai (2008) tested the consumer – company identification conceptual framework

developed by Bhattacharya and Sen (2003). They found that the more customers identify with a company, the more they are loyal and have positive purchase intentions to the company's products and services (Wu & Tsai, 2008). In addition, the significant role of Customer value in the framework is also consistent with the concept of Positional advantages suggested as one of the foremost direct factors affecting firms' Financial performance (Day & Wensley, 1988). Hult and Ketchen (2001) also suggested that the Positional advantages resulting from the market orientation positively influence firms' economic returns. The concepts suggest that a firm should follow the strategy which concern not only about the value creation process for firm itself but also about the creation of value for the its customers.

7.2 Benefit for the practical applications

This research is especially benefit for managers in SMEs in tourism industry. Choosing SMEs as the subject for the study, this research include the unique characteristics of SMEs into the analysis. Thus, the results of the research are usable for SMEs in the practice. This research is also expected to encourage firms to increase the investments in CRM, and then in turn will improve their sustainable competitiveness and firms' performance. It is especially applicable for emerging economy where most of the firms are SMEs. The findings in this dissertation might attract following enterprises:

- a) SMEs that are just established and are keen on building the sustainable competitive advantages;
- b) SMEs that are thinking about redesign their business processes and looking for sustainable competitive advantages;
- c) SMEs that are looking for tools and frameworks for evaluating their current CRM program;
- d) SMEs that are looking for the tools and frameworks for upgrading and configuring their CRM in fast-pace changing environment by embedding a change-mechanism into it.

In addition, there are some key points which this dissertation work might contribute to the practical applications as following:

- a) Managers in SMEs can use the proposed CRM implementation framework as a general guide for necessary steps to evaluate current CRM program or develop the new one.
- b) Managers in SMEs can use the findings in the dissertations as a reference to define the successful factors for focusing on them as the priorities in the process of building CRM program. On the other hand, the bottleneck factors, especially in SMEs, are also defines in the dissertation that might help managers to avoid or overcome them.
- c) Managers in SMEs can use the findings in the dissertation as a

reference for developing the change-mechanisms that govern the evolution of CRM program.

- d) The recommendations in this dissertation might provide the key points which managers in SMEs can look up to when designing their CRM implementation projects for building the sustainable competitive advantages.

7.3 Benefit for the academy

The research may be an opener to more related studies in the area of examining the relationship between non-financial measurements and financial performance by students and researchers. This dissertation also might provide some examples for further related research in the cross-disciplinary studies such as Marketing, Strategic Management and Finance by connecting the materials from these fields together for solving particular problems. This trend of integrating the insights from different academic disciplines together is encouraged by the complexities and sophisticated of the problems in the real world contexts. By integrating different academic disciplines together, researchers are more likely to look at the problem with different point of views and angels. Then it is more likely to lead to a novel way to solve the issues by creating the integrated framework. The dissertation can also serve as the topic for the cross-disciplinary projects in which researchers from different fields can come together for solving the research problems.

In addition, the findings and new approach provided by this research can be used as references for more detail researches about the relationship between implementing CRM in SMEs and their firms' performance in other industries and contexts. Especially, it is imperative that the CRM topic really need to get the attention and cooperation between the researchers from information technology, strategic management, marketing management for solving its inherited problems which are the effective way to apply the new technologies in managing customer relationships in the current digital age.

8. CONCLUSIONS

The massive level of interconnectivity and transparency nowadays created by the globalization and innovative technologies has enormously increased the power of bargain from the customers. Customers now can choose their own way of making the purchases, their own customized products/services and their own channels for communicating with companies. This fact also contributes to the massive level of intensity in competitions nowadays between firms. Thus, companies nowadays don't only need to satisfy customers by providing what they want but also have to initiate and maintain the "emotional bonds" between them and their targeted customers to some extents for achieving the profitability objectives for shareholders. The established "emotional bonds" between firms and their targeted customers is one of the major and major competitive advantages which can differentiate a firm with its competitors. More importantly, the competitive advantages created based on the ground of emotional bonds between firms and customers are sustainable and can help firms to survive and thrive in the long-term timeframe. That's why CRM is becoming the desired program for any firms that have ambitious to leverage their customer relationships for achieving their expected financial performance. Although this topic has attracted many researchers from the academy and also practitioners as well, most of the activities are on the side of large firms. SMEs are rarely the subjects for investigating on the topic of CRM.

Inspiring by these macro problems and also the mentioned micro problems of the SMEs in Vietnamese tourism industry in previous parts, the main objective of this dissertation is to identify the determinants for successful CRM implementation in SMEs. Alternatively, a new comprehensive CRM implementation framework was proposed based on the competitive advantage theories across academic disciplines and the integration of Customer Agility as the change-mechanisms in the framework.

For achieving the main objectives of the dissertation, number of key research questions and partial objectives were planned thorough out four stages of the research processes: the theoretical investigation, the qualitative research strategy, the quantitative research strategy and the case study investigation. Through the research processes, this dissertation emphasized the importance of looking at CRM implementation as the strategic business processes at which business activities at all level across the enterprises need to be moved and fitted together for the effective CRM activities. With this comprehensive approach in solving the CRM implementation problems, this dissertation underlined number of antecedents, mediating factors and moderating factors as well in the research for successful CRM implementation. Moreover, numbers of empirical evidences are provided about their effects and interrelationships in the comprehensive CRM implementation framework. Especially, the dissertation took into the

account the unique characteristics of SMEs for suggesting number of recommendations which can help managers in SMEs addressing the CRM implementation issues and building the must-have competitive advantages for the current dynamic business environment. As a conclusion, CRM implementation in SMEs needs to be approached in distinctive ways and some key principles can be derived as following:

- SMEs are usually characterized by the lack of resources and competences, therefore, the CRM in SMEs need to be simple for implementing and the financial costs for it need to be controlled.
- SMEs usually don't have enough resources for starting separated and independence CRM projects but the CRM implementation should be initiated through successfully solving local problems at department level using the CRM approach. Then overtime, these small but noticeable effects can be leveraged by the top managers to move to next level of CRM implementation across the enterprises.
- The first and foremost successful factors for CRM implementation in SMEs is about the commitment of managers and owners into spread the philosophy of customer orientation to the employees repeatedly and patiently over time.
- SMEs should not govern the changes and evolutions of their CRM program by trying to imitate the automatic settings in CRM program in large corporation. SMEs usually cannot change all at a time but should follow the incremental change strategy. Changes in these SMEs are governed by their capability to change all the business processes gradually but simultaneously to fit them together for creating new capabilities and competences.
- CRM technologies in SMEs don't need to be sophisticated to have the effective CRM implementation. The key point is to balance the application of technology as the supplementation for the traditional CRM activities in SMEs.

Even though the dissertation has been done with great efforts, there are still limitations within it. This dissertation heavily focused on one industry which limits the opportunities to explore the effects of the successful factors in different contexts, especially the effects of the Dynamic capabilities in CRM implementation processes. Future studies can be conducted across different sectors and industries to explore the moderating effects of context factors such as the different velocity of changes in different industries to each component in the suggested CRM implementation framework. Another possibility for future research is to include employees' issues. There have not been collected data of the end users of the CRM program which are the employees for the quantitative analysis. The employees who are directly encountering with customers can confirm the impacts of the components of suggested CRM process chains on

their works and how they occur. Thus, future studies can extend the framework to include the end users' benefits into the model. It will deepen the knowledge of CRM implementation processes. Especially, it welcomes the joint-research attempts from different academic disciplines for solving the CRM implementation issues and building the sustainable competitive advantages in dynamic business environment nowadays.

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APPENDIX

Appendix A

Common Method Bias Analysis

Construct	Indicator	Substantive factors loading	R1²	Method factors loading	R2²
Strategic CRM organization	ST1	0.944***	0.891	0.12	0.014
	ST2	0.923***	0.852	0.179	0.032
	ST3	0.916***	0.839	0.026	0.001
	ST4	0.911***	0.830	-0.196	0.038
	ST5	0.926***	0.857	-0.111	0.012
	ST6	0.93***	0.865	-0.023	0.001
Knowledge Management	KM1	0.927***	0.859	0.112	0.013
	KM2	0.934***	0.872	0.045	0.002
	KM3	0.932***	0.869	0.146	0.021
	KM4	0.934***	0.872	-0.13	0.017
	KM5	0.923***	0.852	-0.025	0.001
	KM6	0.944***	0.891	-0.047	0.002
	KM7	0.934***	0.872	-0.002	0.000
	KM8	0.936***	0.876	-0.1	0.010
Technology infrastructure	TECH1	0.892***	0.796	0.257	0.066
	TECH2	0.88***	0.774	0.368***	0.135
	TECH3	0.881***	0.776	0.216	0.047
	TECH4	0.904***	0.817	-0.072	0.005
	TECH5	0.888***	0.789	-0.165	0.027
	TECH6	0.868***	0.753	-0.149	0.022
	TECH7	0.888***	0.789	-0.25	0.063
	TECH8	0.877***	0.769	-0.229**	0.052
Initiation	INI1	0.916***	0.839	0.094	0.009
	INI2	0.928***	0.861	-0.149	0.022
	INI3	0.93***	0.865	-0.175	0.031
	INI4	0.924***	0.854	0.114	0.013
	INI5	0.918***	0.843	0.127	0.016
	INI6	0.929***	0.863	-0.116	0.013
	INI7	0.925***	0.856	0.089	0.008
	INI8	0.938***	0.880	0.005	0.000
Maintenance	MAI1	0.929***	0.863	0.068	0.005
	MAI2	0.933***	0.870	0.122	0.015
	MAI3	0.919***	0.845	-0.014	0.000
	MAI4	0.931***	0.867	0.015	0.000

	MAI5	0.937***	0.878	-0.206	0.042
	MAI6	0.931***	0.867	0.087	0.008
	MAI7	0.927***	0.859	-0.133	0.018
	MAI8	0.922***	0.850	0.056	0.003
Termination	TER1	0.943***	0.889	-0.083	0.007
	TER2	0.936***	0.876	0.022	0.000
	TER3	0.932***	0.869	0.058	0.003
Regenerative	REG1	0.939***	0.882	0.203	0.041
	REG2	0.933***	0.870	-0.118	0.014
	REG3	0.952***	0.906	0.014	0.000
	REG4	0.944***	0.891	-0.088	0.008
	REG5	0.945***	0.893	0.127	0.016
	REG6	0.945***	0.893	-0.147	0.022
Renewing	REN1	0.942***	0.887	-0.103	0.011
	REN2	0.936***	0.876	-0.008	0.000
	REN3	0.941***	0.885	0.008	0.000
	REN4	0.926***	0.857	0.176	0.031
	REN5	0.943***	0.889	-0.131	0.017
	REN6	0.935***	0.874	-0.018	0.000
	REN7	0.944***	0.891	0.072	0.005
Marketing capabilities	MAR1	0.926***	0.857	-0.001	0.000
	MAR2	0.939***	0.882	0.012	0.000
	MAR3	0.943***	0.889	-0.063	0.004
	MAR4	0.925***	0.856	0.047	0.002
	MAR5	0.942***	0.887	0.005	0.000
New product development	NPD1	0.934***	0.872	-0.016	0.000
	NPD2	0.927***	0.859	-0.074	0.005
	NPD3	0.892***	0.796	-0.04	0.002
	NPD4	0.895***	0.801	0.129	0.017
Performance measurement system	PMS1	0.875***	0.765	0.095	0.009
	PMS2	0.911***	0.829	0.103	0.011
	PMS3	0.858***	0.736	0.097	0.009
	PMS4	0.920***	0.846	0.125	0.016
	PMS5	0.900***	0.810	0.98	0.960
Customer value	CV1	0.979***	0.958	-0.073	0.005
	CV2	0.979***	0.958	-0.079	0.006
	CV3	0.967***	0.935	0.153	0.023
Financial performance	FP1	0.948***	0.899	-0.527**	0.278
	FP2	0.953***	0.908	0.194	0.038
	FP3	0.962***	0.925	0.133	0.018
	FP4	0.957***	0.916	0.194	0.038
Average			0.864		0.020

Appendix B

Constructs and the Indicator Variables (Composite Reliability) (AVE)

Construct	Questions	Indicator	Mean	SD
Strategic CRM organization (.973) (.855)	We consider retaining customers to be a top priority.	ST1	4.351	1.522
	We encourage employees to focus on customer relationships	ST2	4.45	1.517
	We consider customer relationships to be a valuable asset	ST3	4.45	1.592
	We provide employees with incentives based on customer satisfaction measures	ST4	4.414	1.574
	We evaluate our customer contact employees based on the quality of their customer relationships	ST5	4.477	1.621
	We provide education program for employees to enhance the quality of customer interactions	ST6	4.351	1.563
Knowledge Management (.982) (.870)	We encourage employees to document their experiences	KM1	4.342	1.312
	The knowledge of individuals is recorded in a structured way, so that others in the organization may benefit from it	KM2	4.117	1.406
	We have processes for integrating knowledge from different sources.	KM3	4.234	1.322
	We have systems and venues for people to share their knowledge with others in the company.	KM4	4.252	1.318
	Our employees regularly share ideas with other employees even if they are based in different departments	KM5	4.27	1.266
	We promote sharing of knowledge between work groups/teams	KM6	4.243	1.296
	Comparing with competitors, employee turnover in my firms is	KM7	4.306	1.279

	...			
	Comparing with competitors, employee competences in my firms is ...	KM8	4.27	1.294
Technology infrastructure (.967) (.785)	IT facilitates the acquisition of knowledge about our customers, suppliers and/or competitors	TECH1	3.694	1.113
	Knowledge is embedded in our databases and decision support systems	TECH2	3.712	1.15
	We developed information systems like Intranet and electronic bulletin boards to share information and knowledge	TECH3	3.721	1.067
	We invest in technology to acquire and manage "real time" customer information and feedback.	TECH4	3.685	1.107
	We have a dedicated CRM technology in place.	TECH5	3.586	1.061
	Relative to our competitors the quality of our information technology resources is larger.	TECH6	3.595	0.99
	Our relational databases or data warehouse provides a full picture of individual customer histories, purchasing activity and problems.	TECH7	3.523	1.012
	CRM software allows us to differentiate among customer profitability.	TECH8	3.622	1.091
Initiation (.980) (.857)	We have a formal system for identifying potential customers.	INI1	4.27	1.287
	We have a formal system for identifying which of the potential customers are more valuable.	INI2	4.207	1.274
	We use data from external sources for identifying potential high value customers.	INI3	4.27	1.355
	We have a formal system in place that facilitates the continuous evaluation of prospects	INI4	4.288	1.283
	We made attempts to attract prospects in order to coordinate	INI5	4.288	1.325

	messages across media channels.			
	We have a formal system in place that differentiates targeting of our communications based on the prospect's value.	INI6	4.306	1.361
	We systematically present different offers to prospects based on the prospects' economic value.	INI7	4.243	1.282
	We differentiate our acquisition investments based on customer value.	INI8	4.27	1.407
Maintenance (.980)(.863)	We have a formal system for determining which of our current customers are of the highest value.	MAI1	4.604	1.268
	We continuously track customer information in order to assess customer value.	MAI2	4.658	1.305
	We track the status of the relationship during the entire customer life cycle (relationship maturity).	MAI3	4.622	1.216
	We maintain an interactive two-way communication with our customers.	MAI4	4.667	1.262
	We integrate customer information across customer contact points (e.g., mail, telephone, Web, fax, face-to-face)	MAI5	4.703	1.292
	We systematically attempt to customize products/services based on the value of the customer.	MAI6	4.649	1.299
	We have formalized procedures for cross-selling to valuable customers.	MAI7	4.685	1.185
	We have formalized procedures for up-selling to valuable customers.	MAI8	4.658	1.212
Termination (.956) (.878)	We have a formal system for identifying non-profitable or lower-value customers.	TER1	3.919	1.116
	We have a formal policy or	TER2	3.847	1.217

	procedure for actively discontinuing relationships with low-value or problem customers (e.g., canceling customer accounts).			
	We try to passively discontinue relationships with low-value or problem customers (e.g., raising basic service fees)	TER3	3.883	1.199
Regenerative (.980)(.863)	We have developed routines to enable employees' active participation in generating ideas for new products or services	REG1	4.604	1.289
	We have developed routines to enable employees' active participation in generating ideas for new production processes or organizational procedures	REG2	4.532	1.334
	Our employees are more willing to adopt new ways of working than those of our competitors (not in the final model)	REG3	4.541	1.387
	The firm strongly encourages employees and managers to promote new visions, goals and ideas	REG4	4.468	1.348
	The firm allocates resources to increasing employees' competence	REG5	4.514	1.388
	The firm strongly encourages employees to learn from their experiences	REG6	4.577	1.359
Renewing (.981)(.880)	We systematically search for new business concepts through observation of processes in the environment	REN1	4.748	1.298
	Our firm systematically transfers resources to the development of new business activities	REN2	4.721	1.289
	Our firm has specific plans for R&D activity	REN3	4.73	1.294
	Our management promotes R&D processes	REN4	4.712	1.283

	The firm uses networks as knowledge resources	REN5	4.748	1.332
	The firm exploits the personal network of the manager	REN6	4.721	1.26
	Employees' networks are important information sources for the firm	REN7	4.64	1.374
Marketing capabilities (.972)(.875)	We set clear marketing goals	MAR1	4.162	1.227
	We develop creative marketing strategies	MAR2	4.234	1.349
	We have thorough marketing planning process	MAR3	4.18	1.357
	We allocate marketing resources effectively	MAR4	4.189	1.256
	We translate marketing strategies into action effectively	MAR5	4.198	1.361
New product development (.952)(.831)	Impact of new products launched in the last 3 years on today's total revenues.	NPD1	3.937	1.567
	Return-on-investment of new products launched in the last 3 years.	NPD2	4.018	1.698
	Impact of new products launched in the last 3 years on today's profits.	NPD3	3.811	1.711
	Profitability of new products launched in the last 3 years relative your main competitors.	NPD4	3.991	1.685
Performance measurement system (.952)(.798)	PMS includes customer perspective in their set of indicators.	PMS1	4.300	0.800
	PMS includes the clear causal maps which track the value-chain creation processes of the CRM implementation.	PMS2	4.350	0.830
	PMS employs the triangulation principles by including multiple indicators for measuring an important activity.	PMS3	4.220	0.930
	PMS focuses on leading and antecedent measures such as employee satisfaction or diversity of suppliers rather than the final	PMS4	4.220	0.940

	results measures such as sales, costs or profits.			
	PMS attempts to quantify the perceptual measures such as employee satisfaction or customer value perceived.	PMS5	4.130	0.950
Customer value (.983) (.950)	Delivering value to our customers	CV1	4.279	1.465
	Delivering what our customers want	CV2	4.252	1.485
	Retaining valued customers	CV3	4.198	1.488
Financial performance (.976) (.912)	Achieving overall performance.	FP1	4.063	1.683
	Attaining market share.	FP2	3.991	1.706
	Attaining growth.	FP3	4.045	1.652
	Current profitability.	FP4	4.018	1.605

Appendix C

Item loadings and Cross loadings

	CV	FP	INI	KM	MAI	MARK	NPD	PMS	REG	REN	ST	TECH	TER
CV1	0.978	0.942	0.883	0.888	0.912	0.878	0.911	0.401	0.86	0.908	0.901	0.793	0.765
CV2	0.979	0.931	0.857	0.888	0.925	0.889	0.885	0.434	0.86	0.913	0.907	0.804	0.791
CV3	0.967	0.941	0.882	0.887	0.921	0.857	0.904	0.354	0.862	0.898	0.919	0.807	0.805
FP1	0.892	0.948	0.829	0.823	0.86	0.846	0.899	0.244	0.795	0.802	0.83	0.686	0.666
FP2	0.936	0.952	0.876	0.875	0.912	0.843	0.908	0.345	0.851	0.874	0.894	0.797	0.76
FP3	0.925	0.962	0.887	0.884	0.913	0.873	0.915	0.307	0.874	0.878	0.907	0.763	0.761
FP4	0.922	0.957	0.87	0.893	0.9	0.869	0.911	0.37	0.84	0.877	0.909	0.802	0.774
INI1	0.812	0.836	0.915	0.858	0.814	0.766	0.805	0.293	0.823	0.791	0.844	0.744	0.703
INI2	0.839	0.86	0.928	0.854	0.815	0.748	0.833	0.25	0.82	0.807	0.843	0.713	0.684
INI3	0.834	0.843	0.93	0.848	0.798	0.713	0.808	0.211	0.788	0.777	0.832	0.74	0.656
INI4	0.803	0.808	0.924	0.839	0.781	0.698	0.757	0.202	0.811	0.769	0.825	0.759	0.673
INI5	0.837	0.844	0.918	0.834	0.832	0.761	0.787	0.265	0.843	0.802	0.838	0.774	0.681
INI6	0.846	0.851	0.929	0.853	0.844	0.756	0.796	0.274	0.843	0.818	0.853	0.792	0.724
INI7	0.816	0.812	0.925	0.84	0.807	0.708	0.761	0.279	0.802	0.765	0.836	0.775	0.693
INI8	0.852	0.861	0.938	0.864	0.835	0.758	0.823	0.287	0.856	0.822	0.876	0.752	0.717
KM1	0.853	0.848	0.85	0.926	0.85	0.805	0.825	0.379	0.778	0.813	0.878	0.782	0.775
KM2	0.863	0.876	0.852	0.934	0.856	0.817	0.858	0.359	0.799	0.818	0.869	0.751	0.733
KM3	0.86	0.857	0.869	0.932	0.845	0.795	0.83	0.394	0.833	0.838	0.877	0.767	0.774
KM4	0.835	0.836	0.868	0.934	0.814	0.755	0.808	0.37	0.792	0.798	0.861	0.766	0.737
KM5	0.844	0.832	0.835	0.923	0.835	0.762	0.799	0.342	0.761	0.801	0.863	0.794	0.749
KM6	0.858	0.853	0.853	0.943	0.844	0.78	0.803	0.399	0.798	0.817	0.878	0.793	0.776
KM7	0.842	0.839	0.863	0.933	0.835	0.798	0.813	0.376	0.809	0.816	0.874	0.777	0.751
KM8	0.84	0.849	0.852	0.936	0.836	0.772	0.833	0.392	0.781	0.805	0.863	0.754	0.754

MAI1	0.869	0.885	0.846	0.865	0.929	0.829	0.857	0.363	0.817	0.812	0.863	0.8	0.727
MAI2	0.88	0.894	0.818	0.835	0.933	0.832	0.859	0.436	0.842	0.851	0.892	0.782	0.812
MAI3	0.866	0.848	0.806	0.816	0.919	0.805	0.816	0.438	0.845	0.848	0.849	0.763	0.786
MAI4	0.883	0.86	0.827	0.854	0.931	0.808	0.843	0.407	0.808	0.846	0.857	0.804	0.761
MAI5	0.882	0.876	0.81	0.819	0.937	0.799	0.824	0.392	0.831	0.844	0.845	0.766	0.763
MAI6	0.879	0.874	0.827	0.844	0.932	0.83	0.863	0.408	0.822	0.857	0.876	0.792	0.778
MAI7	0.862	0.866	0.814	0.821	0.927	0.806	0.802	0.457	0.84	0.849	0.835	0.744	0.769
MAI8	0.888	0.873	0.8	0.834	0.922	0.833	0.846	0.448	0.811	0.843	0.865	0.771	0.76
MARK1	0.828	0.837	0.735	0.771	0.807	0.926	0.771	0.446	0.774	0.765	0.804	0.789	0.728
MARK2	0.84	0.837	0.744	0.815	0.825	0.939	0.788	0.504	0.776	0.777	0.833	0.741	0.737
MARK3	0.842	0.859	0.75	0.772	0.834	0.944	0.806	0.434	0.79	0.77	0.814	0.701	0.694
MARK4	0.838	0.838	0.747	0.79	0.81	0.925	0.783	0.484	0.786	0.774	0.822	0.759	0.746
MARK5	0.847	0.829	0.756	0.791	0.841	0.942	0.78	0.465	0.791	0.784	0.835	0.758	0.729
NPD1	0.855	0.884	0.814	0.819	0.837	0.762	0.933	0.288	0.757	0.795	0.829	0.683	0.682
NPD2	0.854	0.868	0.792	0.807	0.834	0.776	0.927	0.31	0.727	0.777	0.818	0.654	0.636
NPD3	0.814	0.843	0.745	0.793	0.813	0.781	0.891	0.32	0.692	0.748	0.785	0.674	0.626
NPD4	0.841	0.872	0.784	0.791	0.809	0.745	0.894	0.213	0.759	0.818	0.816	0.69	0.689
PMS1	0.32	0.276	0.261	0.359	0.372	0.417	0.28	0.87	0.386	0.392	0.376	0.345	0.478
PMS2	0.351	0.301	0.263	0.389	0.415	0.457	0.289	0.907	0.39	0.431	0.396	0.399	0.468
PMS3	0.364	0.28	0.252	0.355	0.402	0.427	0.246	0.862	0.415	0.439	0.359	0.346	0.453
PMS4	0.321	0.255	0.199	0.301	0.369	0.439	0.227	0.915	0.361	0.382	0.299	0.312	0.37
PMS5	0.436	0.352	0.262	0.386	0.44	0.478	0.327	0.91	0.431	0.479	0.378	0.352	0.423
REG1	0.853	0.853	0.861	0.84	0.855	0.814	0.805	0.426	0.939	0.887	0.874	0.728	0.818
REG2	0.804	0.813	0.82	0.791	0.805	0.787	0.735	0.382	0.933	0.851	0.831	0.658	0.763
REG3	0.832	0.835	0.843	0.809	0.852	0.801	0.761	0.428	0.951	0.87	0.865	0.746	0.823
REG4	0.822	0.827	0.841	0.792	0.818	0.769	0.747	0.376	0.944	0.868	0.847	0.698	0.778
REG5	0.85	0.839	0.847	0.816	0.863	0.799	0.77	0.459	0.945	0.887	0.869	0.757	0.818

REG6	0.832	0.808	0.817	0.763	0.843	0.768	0.737	0.454	0.945	0.883	0.84	0.68	0.784
REN1	0.87	0.83	0.778	0.811	0.857	0.768	0.806	0.428	0.86	0.943	0.866	0.717	0.836
REN2	0.87	0.837	0.811	0.816	0.834	0.769	0.785	0.472	0.861	0.936	0.87	0.742	0.816
REN3	0.865	0.845	0.836	0.839	0.847	0.754	0.813	0.4	0.879	0.941	0.872	0.719	0.796
REN4	0.866	0.841	0.812	0.828	0.852	0.814	0.792	0.466	0.885	0.926	0.867	0.748	0.829
REN5	0.865	0.833	0.779	0.796	0.862	0.763	0.794	0.464	0.878	0.942	0.861	0.709	0.831
REN6	0.862	0.846	0.793	0.819	0.85	0.777	0.821	0.488	0.858	0.935	0.863	0.72	0.816
REN7	0.906	0.867	0.825	0.817	0.863	0.789	0.842	0.432	0.869	0.944	0.892	0.741	0.82
ST1	0.888	0.905	0.855	0.876	0.898	0.859	0.873	0.401	0.85	0.879	0.944	0.801	0.809
ST2	0.879	0.866	0.846	0.862	0.872	0.823	0.855	0.345	0.835	0.864	0.923	0.787	0.828
ST3	0.844	0.849	0.852	0.863	0.842	0.808	0.813	0.414	0.83	0.826	0.915	0.788	0.823
ST4	0.837	0.835	0.818	0.833	0.839	0.774	0.802	0.332	0.838	0.845	0.911	0.744	0.812
ST5	0.851	0.834	0.845	0.869	0.838	0.78	0.783	0.397	0.849	0.862	0.926	0.799	0.849
ST6	0.874	0.854	0.838	0.874	0.85	0.831	0.817	0.369	0.829	0.871	0.93	0.787	0.844
Tech1	0.781	0.777	0.788	0.797	0.805	0.787	0.738	0.332	0.718	0.735	0.821	0.893	0.743
Tech2	0.835	0.817	0.771	0.831	0.827	0.768	0.789	0.346	0.71	0.778	0.82	0.881	0.764
Tech3	0.77	0.765	0.76	0.776	0.775	0.735	0.698	0.277	0.716	0.728	0.809	0.881	0.778
Tech4	0.721	0.696	0.732	0.731	0.742	0.699	0.644	0.32	0.684	0.677	0.748	0.905	0.702
Tech5	0.682	0.641	0.707	0.698	0.704	0.661	0.584	0.371	0.657	0.654	0.707	0.889	0.677
Tech6	0.687	0.651	0.679	0.676	0.696	0.649	0.61	0.397	0.619	0.662	0.695	0.87	0.652
Tech7	0.672	0.633	0.67	0.686	0.682	0.663	0.574	0.39	0.596	0.609	0.705	0.89	0.676
Tech8	0.648	0.644	0.658	0.648	0.679	0.696	0.575	0.374	0.632	0.631	0.679	0.879	0.654
TER1	0.742	0.7	0.686	0.742	0.761	0.702	0.663	0.437	0.789	0.817	0.828	0.718	0.943
TER2	0.77	0.736	0.703	0.762	0.781	0.737	0.683	0.458	0.787	0.814	0.837	0.767	0.936
TER3	0.756	0.744	0.709	0.774	0.787	0.744	0.685	0.485	0.801	0.828	0.849	0.762	0.932

LIST OF PUBLICATIONS

- [1] NGO, Vu Minh. Measuring customer satisfaction: A literature review. *7th International conference of Finance and Performance of Firm in Science, Education and Practice*. Zlín: Tomas Bata University in Zlín, Faculty of Management and Economic. 2015, pp. 1638-1655. ISBN 978-80-7454-482-8.
- [2] NGO, Vu Minh. The relationship between non-financial and financial measures in corporates' performance report. The exploratory study of integrated report. *DOKBAT 11th Annual International Bata Conference*. Zlín: Tomas Bata University in Zlín, Faculty of Management and Economic. 2015, pp. 422-434. ISBN 978-80-7454-475-0.
- [3] NGO, Vu Minh. The relationships between service quality, customer satisfaction and customer loyalty: an investigation in Vietnamese retail banking sector. *DOKBAT 12th Annual International Bata Conference*. Zlín: Tomas Bata University in Zlín, Faculty of Management and Economic. 2016, pp. 423-434. ISBN 978-80-7454-592-4.
- [4] NGO, Vu Minh, VALLE, DonVito, PAVELKOVÁ, Drahomíra and BELTRAN PRIETO, Luis Antonio. Do job satisfaction and customer satisfaction affect firm's overall performance? A new empirical evidence. *The 3rd International Conference on Finance and Economics*. Ho Chi Minh City: Ton Duc Thang University. 2016, pp. 758-774. ISBN 978-80-7454-598-6.
- [5] NGO, Vu Minh and NGUYEN, Huan Huu. The Relationship between Service Quality, Customer Satisfaction and Customer Loyalty: An Investigation in Vietnamese Retail Banking Sector. *Journal of Competitiveness*. 2016, Vol. 8, Issue 2, pp. 103-116. ISSN 1804-171X.
- [6] VU, Hieu Minh and NGO, Vu Minh. Sustainable Tourism Development - A Case Of Phu Quoc Island, Vietnam. *DOKBAT 13th Annual International Bata Conference*. Zlín: Tomas Bata University in Zlín, Faculty of Management and Economics. 2017, pp. 206-216. ISBN 978-80-7454-654-9.
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- [9] NGO, Vu Minh; LE, Bach Tuan and PAVELKOVÁ, Drahomíra. Factors Affecting Passenger Car Demand: A Literature Review. *International Conference on Business Social Science and Economic Research*. Athens, Greece. 2017. ISBN 978-969-670-872-8.
- [10] DO, Nhan Thanh Thi; NGO, Vu Minh; PHAM, Ha; PAVELKOVÁ, Drahomíra. The prestige of stock exchanges and corporate cash holding in transitional economies: A study on Vietnamese listed firms. *Investment Management and Financial Innovations*. 2017, Vol. 14, No. 3, pp. 199-209.
- [11] LE, Tuan Bach; PAVELKOVÁ, Drahomíra; DO, Nhan Thanh Thi; NGO, Vu Minh. Does Foreign Ownership Impact Accounting Conservatism Adoption in Vietnam? *Business and Economic Horizons*. 2017, 2017, Vol. 13, No. 3, pp. 287-294.
- [12] PAVELKOVÁ, Drahomíra; HOMOLKA, Lubor; Jana, VYCHYTILOVÁ; NGO, Vu Minh; LE, Bach Tuan; DEHNING Bruce. Passenger Car Sales Projections: Measuring the Accuracy of a Sales Forecasting Model. *Journal of Economics/Ekonomický časopis*. 2018, Vol. 66, No. 3, pp. 227-249.

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WORK EXPERIENCE

03/02/2011–30/04/2011 Intern Broker

FPT Securities Joint Stock Company, Ho Chi Minh (Vietnam)

- Customer development
- Data processing
- Stocks analysis
- Stocks trading

08/10/2010–30/12/2010 Associate

Au Viet Securities Joint Stock Company, Ho Chi Minh (Vietnam)

- collect and process data
- prepare daily and monthly stock market report

05/11/2011–06/06/2012 University activities

University of Economics Ho Chi Minh City, Ho Chi Minh (Vietnam)

- Board Members – Content and Analysis Department of Club of Security
- Prepare contents for educational seminars
- Running educational events

EDUCATION AND TRAINING

01/09/2014 – Present PhD candidate

Tomas Bata University in Zlín, Zlín (Czech Republic)

- Finance and Management
- Scientific Research Methodology
- Academic English
- State doctoral exam

01/09/2012 – 22/06/2014 Master Degree

Tomas Bata University in Zlin, Zlin (Czech Republic)

- Major in Marketing and Management
- GPA: 1.21/5.00

05/09/2008–15/06/2012 Bachelor Degree

University of Economics Ho Chi Minh City, Ho Chi Minh (Vietnam)

- Major in Corporate Finance
- GPA: 8.32 /10.00
- Scholarship for excellent student in 2009, 2010, 2011, 2012

07/2013 CFA Level 1 examination pass

PERSONAL SKILLS

Mother tongues: Vietnamese

Other Languages: English (Listening: C1, Reading: C1, Speaking: C1, Writing: C1)

Communication skills: My activities in university, especially in my previous job experience, require teamwork as a basic for being successful. So I can be able to listen to and question other members, express and defend my opinions. And I know how to contact with other members in my team to make our work in progress.

Job-related skills: My previous and current job experience is mainly related to reading; collecting and then analyzing information, data. Therefore, I have developed capability for tasks which required analytic skill throughout my previous training and jobs.

Digital competence: Good command of office suite (word processor, spread sheet, presentation software).

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Customer Relationship Management (CRM) and the Financial Performance of Small and Medium Enterprises in Dynamic Environment: An Investigation in Vietnamese Tourism Industry.

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