



AENSI Journals

Australian Journal of Basic and Applied Sciences

ISSN:1991-8178

Journal home page: www.ajbasweb.com



Customer Relationship Management Practices and Organizational Performance: The Mediating Role of Market Orientation

Siti Hajar Mohamad, Norfaridatul Akmaliah Othman, Juhaini Jabar and Izaidin Abdul Majid

Faculty of Technology Management and Technopreneurship, Universiti Teknikal Malaysia Melaka, Hang Tuah Jaya, 76100, Durian Tunggal, Melaka, Malaysia

ARTICLE INFO

Article history:

Received 11 October 2014

Received in revised form 21

November 2014

Accepted 25 December 2014

Available online 16 January 2015

Keywords:

CRM practices, organizational performance, food manufacturing industry, market orientation, structural equation modelling

ABSTRACT

Organizations implement business development software in a bid to increase business performance. Latest business tools are available in packages with high end technology and communication systems. This technology is not integrated well within organization and has potential of being counterproductive and ineffective in achieving the successful customer relationship management (CRM) implementation. However, despite significant investment in technology, empirical research offers inconsistent support for its positive on organizational performance. This study develops and tests a research model in analyzing the impact of CRM practices to organizational performance, drawing on the resource-based view (RBV) and the relationship marketing theory (RMT) of the firm. Based on 364 food manufacturer organizations, the results suggest that market orientation is fully mediate in the relationship between infrastructural CRM resources and marketing capabilities with organizational performance.

© 2015 AENSI Publisher All rights reserved.

To Cite This Article: Siti Hajar Mohamad, Norfaridatul Akmaliah Othman, Juhaini Jabar and Izaidin Abdul Majid., Customer Relationship Management Practices and Organizational Performance: The Mediating Role of Market Orientation. *Aust. J. Basic & Appl. Sci.*, 9(4): 28-36, 2015

INTRODUCTION

In recent years, through increasing use of information technology, there has been an increasing interest in CRM and manufacturers are improving their responsiveness to customer demands in terms of product design, services, and operations and manufacturing practices (Ngai, 2005). The implementation of CRM would create interaction between the customer and the manufacturer in order to get personalized solutions according to the customer's specific problems and demands (Choy *et al.*, 2002).

In Malaysia, food manufacturing industry (FMI) is one of the important industry that needed to be remained as an important source of growth with plans to retain the long term global competitiveness through innovation and revolution (Third Industrial Master Plan, 2006-2020). It is important to note that the in the local Malaysian market, the end users have become more sophisticated and expects the quality of the service to be higher. Leveraging CRM techniques in managing relationships and deliver the service effectively and efficiently are the challenges that CRM vendors need to address with the relative of competing offers. Therefore, in this challenging and changing world of customer oriented nature, it is important to build a cooperative and collaborative relationship with customers in order to keep track with customers' expectations and meeting the requirement appropriately (Anabila and Awunyo-Vitor, 2013). Hence, organizations may benefit from the advantages of the new social media in facilitating CRM by adapting to CRM, especially for FMI. Therefore, using CRM is to ensure customer loyalty and further enhance organizational performance is a wise benefit strategy for organization and very important for building long term relationship with customers and beneficial for the long term profits to organizations (Mohamad *et al.*, 2014b). Furthermore CRM in FMI is still in the new knowledge and practices in Malaysia.

To shed light on the topic, this study develop a model that draws on the resource-based view (RBV) and relationship marketing theory (RMT) to analyze a successful of CRM practices. Both theoretical approaches have been widely used in the field of CRM and have proven to valuable tools to examine how CRM practices relate to organizational performance. Therefore the objectives of this study is propose research model that touches the lane from CRM practices to market orientation and that will reflect organizational performance. The remainder of the paper is structured as follows. Next section presents the literature review and follows with research model and hypotheses are proposed. Additionally, in next section presents the data and research

Corresponding Author: Siti Hajar Mohamad, Faculty of Technology Management and Technopreneurship, Universiti Teknikal Malaysia Melaka, Hang Tuah Jaya, 76100, Durian Tunggal, Melaka, Malaysia
E-mail: mizsiti@gmail.com

methodology used in the empirical analysis. A following section describes the results obtained. Finally, this study discusses the study results, its implications, its limitations and possible directions for future research.

Literature Review:

Customer relationship management have gained in popularity in the business world over the past two decades as useful information systems in making intelligence use of customer information. The emergent body of literature has studied the useful information provided by CRM can assist in augmenting customer satisfaction and retention. Customer-focused functionalities have been incorporated into CRM with the aim to promote and develop long-lasting customer relationship (Stefanou *et al.*, 2003). Firms recognize a continuous competitive advantage is dependable on relationships with customers. This trend provides more personalized and customized service to cater customer's needs.

The comprehensive approach of CRM is to maximize the relationship with all customers including e-customer, distribution channel members and suppliers. The necessitating changes in business process and people, organizations needs to be advances in technology used in CRM that represent fundamental shift from product portfolios to customer portfolio (Chen and Popovich, 2003). Previous research has been reported a various reason for many CRM implementations still press in real business – including a lack of misaligned processes, poorly designed systems and inability to integrate the CRM technology. However, some of firms adopted CRM technology in firms and it's not fully met customer needs. Consequently, the issue of how organizations would practice of CRM technology can be more effectively and consistently translated into meaningful business benefits is an urgent problem confronted by both academics and managers in the field of manufacturing.

The RBV is a valuable tool for CRM researchers to think about how organization use resources and investments in CRM practices relate to organizational performance. Day (2003) point out based on RBV, the CRM will assist firms to generate and transform superior customer value; create a lot of customer loyalty and sustainable competitive advantages. Hence, based on the RBV and the extensive CRM literature, this study propose infrastructural CRM resources and technological CRM resources as a complementary resource to CRM practices, mediating its impact to organizational performance.

Additionally, the RMT of the firm holds that the firms engaged in proactively creating, developing and maintain profitable with selected customers over time. This theoretical focus considered from one data set of firm to assist in them in making expectations and transition for good business. CRM practices are based on relationship between firms and customer with getting close relationship. The obtaining relationship with them has meet a different reasons and not encompassing all explanation why customers get into relationship for (Smith and Higgins, 2000). Therefore, RMT can be considered a determinant of the successful CRM practices because firms with better marketing strategies and relationship of their customers are better be able to generate better performance. Consequently, this study considers relationship capabilities, key customer focus and knowledge management as a complementary resource to CRM practices, mediating its impact to organizational performance.

Next, this study describes the proposed research model and hypotheses, reflecting the relationships between the mentioned variables.

Research Model and Hypotheses:

As previously described, the intersection of the RBV and RMT of the firm provides the theoretical grounding for the study. Considering to new insights and existing of related knowledge, the usefulness of every theory depends on proper replications and extensions of CRM (Santhanam and Hartono, 2003). Hence this study applies this theoretical grounding to CRM, developing a research model to analyze its success. The RBV has been widely used to examine how CRM technology investments can result in improved organizational performance (Coltman, 2007) and these studies evidence that resources and relationship marketing do not act in isolation; instead, they play an interdependent role with role with other firm resources. Consequently, their impact on performance depends on other construct that can be considered potential mediators. The structure of the model is reflected in Fig. 1. Next, the interrelationships among the different variables and theoretical meaning are justified.

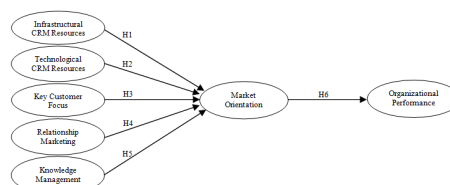


Fig. 1: Hypothesized model.

Market orientation defines as representative of organizations in superior capabilities and ability to satisfy customer, for instant, the organizations capability to follow trend market and close relationship with customers. Ruekert (1992) present empirically that the relationship of market orientation with organizational practices of employee recruitment, training and reward is positively significant. In particular, Mavondo *et al.* (2005) also indicate that the relationship between infrastructural CRM resources and market orientation is constant with the findings reported by Ruekert (1992). Additionally support by Adhikari and Gill (2012) firm's resource initiatives have significant effect in market orientation of the firm in business to business transaction in developed countries. Hence, the following is posited:

Hypothesis 1 The infrastructural CRM resources are positively related to the market orientation.

Driven by advances in information technology, the use of CRM and resources delivers efficiencies for business change. The finding of Min *et al.* (2002), information technology strategic utilization is a main technology of CRM resources can positively influence market orientation by supporting the marketing activities. The concentrated use of CRM technology for supporting market orientation is a distinction aspect that may lead to a sustainable competitive advantage (Min *et al.*, 2002). The more use of CRM technology in firms will better support activities in firms to deal in market and add value in the customer perspective. Hence, the following is posited:

Hypothesis 2 The technological CRM resources are positively related to the market orientation.

Firms that focus on current customers have turned their competencies into market awareness and responsiveness of core rigidities. Nwokah (2008) suggest the focus on dynamic markets consists of barriers which competitors are highly segmented of end user and firms mandatory shifted to customer focus. Moreover, discussion by Narver & Slater (1990) create exceeding focus and value of customers will help the business to figured out the effect of market orientation to organizational culture, and its help the business creating exceeded values for customer. Scholars argued with Mahmoud (2011) statement, where the customer side must be focus on organization's operations and the subsequent support given to this idea by Green Jr *et al.* (2006) that the customer is the reason for the organization's existence were all pointing to the fact that market orientation behavior was necessary at that time. Therefore, it is concluded that customer focus serve as a vital platform for firms to access and create superior product or service value and measurement for effective market and customer driven value. Hence, the following is posited:

Hypothesis 3 The key customer focus is positively related to the market orientation.

Knowledge management is also influenced to the relationship with market orientation. A firm must managing information before distribute to customers by approach employees incorporating the technology in managing, processing and promoting that information. One firms have to manage knowledge properly in the right place, they already oriented to the market with their ability to capture and disseminate the information about customers' needs and able to respond to customer demand (Landroguet *et al.*, 2011). The combination of knowledge management and market orientation has been discussed by Slater and Narver (1998). The obtain information from customer is the concept of knowledge management related to the disposal process on market orientation is forward and reaction, towards the information of market (Narver *et al.*, 2004). According to Liyun *et al.* (2008) knowledge management has obvious positive influence on market orientation. Consequently, it is posited that:

Hypothesis 4 The knowledge management is positively related to the market orientation.

Empirical findings have suggested that relationship marketing can improve the awareness of employees concerning their customers and competitors. This relationship also have present positively significant to market orientation (Cichy *et al.*, 2009). These results also are similar with other scholar such as (Kyriazopoulos *et al.*, 2007). Therefore, relationship marketing is facilitated and supports the customers interaction in which reinforced through multiple marketing actions. Gounaris *et al.* (2010) argue that through increasing of market orientation, which also results in relationship marketing, has an increasing customer perceived service quality in organization. Moreover, the comprehend of successful marketing was explored when a firm recognized and accompanied its relationship marketing and market orientation (Zaman and Bibi, 2012). Based on this argument, the following is posited:

Hypothesis 5 The relationship marketing is positively related to the market orientation.

Market orientation is relatively strengthened in service, teamwork, and reward systems in modifying business operating patterns and responding to customer feedback. Empirical findings has shown that market orientation is positively influence customer satisfaction (Zablah *et al.*, 2004), leading to customer retention and increased profitability. In particular, Sin *et al.* (2005) initiate market orientation to be critical search to organizational performance. These references show that empirical findings related to market orientation have yielded complex and mixed results (Wang *et al.*, 2012). The practicing of market orientation is allows firm to become aware of opportunities and superior value to consumers. Furthermore, in another major study by Wang *et al.* (2012) and Micheels and Gow (2012), originate that market orientation positively affects organizational performance. Many analysts now argue that the positive relationship between market orientation and

organizational performance needs to specify and control for mediating variables. Hence, these argument lead to the following hypothesis:

Hypothesis 6 Market orientation through customer relationship management practices will lead to positive relationship with organizational performance.

MATERIALS AND METHOD

This section presents the research methodology used in this study. Firstly, this study describes the sample used and then discusses how each of the variables included in the study is operationalized. Finally, this study presents the statistical analysis.

Sample and procedure:

There are two reason were brought into consideration in determining the population for this research. First, the population was limited to firms engaged in manufacturing activities by comparing with other industry which are second major contributions to gross output of small and medium enterprises (SMEs) after services industry (Department of Statistics, 2011). Second, the target population of this study was food manufacturing organizations that have activity on CRM in the major SMEs manufacturing sectors. The main database was gathered on the Malaysian external trade development corporation (MATRADE) online directory. In this online database researcher was chosen a related industry of food manufacturing industry (FMI), which are prepared food products, beverages products, agricultural produce products and palm oil products (Matrade External Trade Development Corporation, 2014).

A listing of the database was obtained and the respondents were selected based on stratified random sampling with 2,805 food manufacturer organizations. This probability sampling method was chosen based on its high external validity in providing generalizability over the population drawn (Tharenou *et al.*, 2007). Furthermore, stratification is an efficient research design that provides more information within the population frame and variation between the subgroup specified (Cooper and Schindler, 2003). Furthermore, there was justification made for sample determination within the sampling plan (Punch, 2006) since it was anticipated that organization who have a close relationship with customers would be more likely to be active in CRM activities and had the experiences in managing customers.

The key respondents for this study were chief executives officers, managing directors, senior managers and marketing executives that have experience and knowledge of CRM. The key respondents were initially contact by email and telephone to identify potential respondents. Appropriate survey questionnaire that was developed use surveymonkey.com were sent to the selected person by online. Furthermore, it was appropriate to make sure that the respondents were answer online survey easier and respondent chosen must be must be familiar with customer relationship activities in their organizations (Duhaime, 2008).

The sample returned within six-month of data collection period is 453 completed surveys. The yield out of 2,805 samples is 16.15 percent response rate. The usable survey finally accepted for this study is 364 surveys or 12.98 percent of response rate. The possibility of non-response bias was checked by comparing the characteristics of the respondents to those of the original population sample. The reason for non-response bias analysis when the respondent refuses to answer all the questions, but does not give a reason (Saunders *et al.*, 2009). A series of independent t-tests revealed no significant different between comparing early and late respondents (McManus, 2012). Table 1 indicates the frequency of the population based on the stratified random sampling and the result shows that there are relative similarities in the distribution of the respondents.

Table 1: Frequency of respondents and populations by food manufacturing sector.

Manufacturing	Respondents		Population	
	Frequency	Percentage	Frequency	Percentage
Prepared food products	164	45.1	1298	46.3
Beverages products	100	27.5	764	27.2
Agricultural produce products	76	20.9	474	16.9
Palm oil products	24	6.6	269	9.6
Total	364	100	2,805	100

Data Analysis Procedure:

This study employed the data analysis procedures suggested by Jöreskog (1993) and Hair *et al.* (2010). First step, the full sample ($N = 364$) was divided into two data sets of calibration and validation samples. The calibration sample consisted of 164 respondents, and the remaining 200 respondents were treated as the validation sample. The calibration sample ($n = 164$) was utilized in model generating models that are exploratory in nature. These model were examined using exploratory factor analysis (EFA) as a first step in the analysis of data and a minimum factor loading acceptable for EFA is 0.60 (Hair *et al.*, 2010). The aim of conducting EFA is to reduce the data set to a more manageable size while retaining as much of the original

information as possible. Principal axis factoring as the extraction method and direct oblimin were used to assess the underlying structure for the five independent constructs. The Kaiser-Meyer-Okin and Bartlett test of Sphericity were performed to test the suitability of running factor analysis.

Second step, the validation sample ($n = 200$) was then utilized to conduct a series of one-factor congeneric models for each construct to test the uni-dimensional of items. The overall goal in establishing uni-dimensional measurement models is for each set of indicators to have a unique relationship to the latent variable it represents so that unambiguous meaning can be assigned to each of the constructs (Anderson and Gerbing, 1988). Several fit statistics were utilized to evaluate the acceptability of each of the factor models. A standardized root mean square (SRMR) of .05 or less and normed fit index (NFI) of .90 and above indicate that the data fit the model well. As recommended by Byrne (2010), the goodness-of-fit index (GFI) was utilized and deemed acceptable if above the recommended value of .90. Additionally, the comparative fit index (CFI) and Tucker Lewis Index (TLI) were also used and acceptable model fit are demonstrated with CFI and TLI above .90 (Hu and Bentler, 1999). Root mean square error of approximation (RMSEA) indicated values of $\leq .05$ (a close model fit) and $\leq .08$ (a reasonable model fit) (Browne and Cudeck, 1993).

Third step, a full measurement model, which employed the full sample ($N = 364$), was specified and analyzed using CFA to cross-validate the model derived from the model generating stage. Finally the structural model utilizing the full sample ($N = 364$) was specified to examine and analyze the hypothesized relationships between constructs of this study.

Result:

The measurement of this study was used a 7-point Likert scale (1 being 'strongly disagree' and 7 'strongly agree') for all seven constructs. Reliability test was carried out on each of seven constructs, i.e. infrastructural CRM resources, technological CRM resources, key customer focus, relationship marketing and knowledge management, market orientation and organizational performance. This reliability test was conducted to gauge the internal consistency of the constructs in summated scales. The Cronbach's α of each construct exceeds 0.89, hence retaining all constructs for further statistical analyses. All of the items on scale were duly adapted to the present study. The numbers of items on the scales, their derivation and scores for the CFA that this study developed were as follows:

Infrastructural CRM resources: eight items adapted from Sin *et al.* (2005), Coltman (2007) and Mendoza *et al.* (2007); CFA: $\chi^2 = 24.77$, RMSEA = .24, SRMR = .04, GFI = .95, TLI = .84, NFI = .94, CFI = .95.

Technological CRM resources: eight items adapted from Xu and Walton (2005) and Sin *et al.* (2005); CFA: $\chi^2 = 32.69$, RMSEA = .08, SRMR = .03, GFI = .96, TLI = .96, NFI = .96, CFI = .98.

Key customer focus: ten items adapted from Das *et al.* (2009) and Sin *et al.* (2005); CFA: $\chi^2 = 21.49$, RMSEA = .22, SRMR = .06, GFI = .95, TLI = .69, NFI = .89, CFI = .90.

Relationship marketing: four items adapted from Wu and Lu (2012) in the study of Chien and Moutinho (2000); CFA: $\chi^2 = 5.75$, RMSEA = .09, SRMR = .03, GFI = .99, TLI = .95, NFI = .98, CFI = .98.

Knowledge management: items adapted from Wu and Lu (2012) in the study of Chien and Moutinho (2000); CFA: $\chi^2 = 14.21$, RMSEA = .10, SRMR = .06, GFI = .97, TLI = .76, NFI = .84, CFI = .88.

Market orientation: twelve items adapted from Slater and Narver (1998); CFA: $\chi^2 = 12.84$, RMSEA = .17, SRMR = .05, GFI = .97, TLI = .84, NFI = .94, CFI = .95.

Organizational performance: eighteen items adapted from Neill and Rose (2006), Li *et al.* (2006) and Richards and Jones (2008); *Financial Performance*: CFA: $\chi^2 = 8.67$, RMSEA = .13, SRMR = .03, GFI = .98, TLI = .94, NFI = .97, CFI = .99 and *Marketing Performance*: CFA: $\chi^2 = 5.75$, RMSEA = .09, SRMR = .03, GFI = .99, TLI = .95, NFI = .98, CFI = .98.

Based on CFA result of knowledge management above, this study was removed this construct and Hypothesis 4 completely based on these reasons. First, the data did not fit the measurement model well (Hair *et al.*, 2010). Second, all items consist of low factor loading since this construct had left only one reflective indicator. However, organizational performance construct was divided into two groups after EFA procedure was performed. The new construct was namely as marketing performance and financial performance.

This study was approach two-step of analysis for the main results advocated by Anderson and Gerbing (1988) with assessed of measurement model before examining structural model relationship. A structural equation modeling package AMOS 18.0 was utilized to test the hypothesized causal relationship in this model. The result of measurement model revealed the data fit the model well where $\chi^2 = 496.51$, RMSEA = .05, SRMR = .04, GFI = .90, TLI = .96, NFI = .92, CFI = .97 and structural model result also indicate the data fit the model well where $\chi^2 = 525.16$, RMSEA = .05, SRMR = .06, GFI = .90, TLI = .95, NFI = .92, CFI = .96. The overall fit of the structural and measurement model was good, and the completely standardized path estimates indicate significant relationships among the variables. The parameter estimates and their significance are shown in Tab. 2 with additional hypotheses of H6, H7 and H8.

The findings of this study generally support the conceptual model where six out of seven hypotheses were supported. Infrastructural CRM resources positively affect market orientation therefore supporting Hypotheses

1. However, technological CRM resources does not have positive impact on market orientation therefore, Hypothesis 2 is not supported. Additionally Hypothesis 3 is also supported indicating that key customer focus is positively related to market orientation. Moreover, relationship marketing indicated a positive relationship with market orientation and therefore, supporting Hypotheses 4. Hypotheses 6 and 7 are both supported signifying that market orientation positively affects marketing and financial performance. Finally, marketing performance indicates a positive relationship with financial performance therefore, Hypothesis 8 is supported.

Table 2: Structural parameter of proposed relationships and hypotheses result.

Predictor variables	Criterion variables	β	t-value	p-value	Hypotheses	Results
Infrastructural CRM resources	Market orientation	.21	3.93	***	H1	Supported
Technological CRM resources	Market orientation	-.06	-1.32	.19	H2	Not supported
Key customer focus	Market orientation	.33	4.14	***	H3	Supported
Relationship marketing	Market orientation	.21	2.72	***	H4	Supported
Market orientation	Marketing performance	.37	5.39	***	H6	Supported
Market orientation	Financial performance	.32	4.80	***	H7	Supported
Marketing performance	Financial performance	.46	6.74	***	H8	Supported

Note: p-value *** < .001

In order to check whether the items of each construct measure what supposed to measure, test for discriminant validity were performed. Discriminant validity measures the extent to which individual items intending to measure one latent construct do not at the same time measure a different latent construct (Wu *et al.*, 2011). A comparison of average variance extracted (AVE) and squared correlations are usually used to assess discriminant validity. According to this test, the square root of the AVE for a given construct should exceed the absolute value of the standardized correlation of the given construct with any other construct in the analysis. Tab. 3 indicates that the square root AVE value for all constructs is higher than the standardized correlations values, signifying discriminant validity.

Table 3: Discriminant validity test.

Constructs	CR	AVE	MP	TCR	ICR	RM	KCF	FP	MP
Market orientation (MO)	.85	.60	.76						
Technological CRM resources (TCR)	.89	.74	.35	.86					
Infrastructural CRM resources (ICR)	.89	.66	.49	.59	.82				
Relationship marketing (RM)	.88	.65	.53	.50	.48	.81			
Key customer focus (KCF)	.87	.69	.58	.53	.53	.70	.83		
Financial performance (FP)	.88	.65	.53	.36	.50	.45	.51	.81	
Marketing performance (MP)	.90	.90	.57	.32	.33	.45	.53	.60	.83

Note: The bold numbers in diagonal row are the square root AVE values, CR = Composite reliability.

Discussion And Conclusion:

Discussion and Theoretical Contributions:

CRM has become a priority for companies and firms around the world are making large investments in CRM practices. These study present key issues based on the key finding. First, one interesting finding that emerged in this study that organizations need to utilize and manage resources and capabilities that they have in maintaining in market orientation. This interpretation is discordant to the general belief that market oriented of firms should be capable of nurturing relationships built on trust and commitment. The findings highlight that a management discourse based on a strict focus on quality with a high requirements and standard through CRM infrastructure system entails looking at the market orientation concept from an operational excellence service perspective. Furthermore, the results support the importance of firm to seek well in managing customers to increase customer perceived and service quality in achieving market orientation.

Second, the study outlines the practicing of CRM in maintaining the food manufacturers and customer relationship. By implying the imperative market orientation in the theoretical framework, this study offers a theoretical linkage of CRM practices through the validation of the interrelationship among the variables of the tangible and intangible resources. Hence, it offers a theoretical and empirical contribution to the understanding of the CRM practices of the food manufacturer organizations.

Third, the key contribution is to set foot on resource-based as a backbone for both and probing further into the impact of strategic imperative of CRM practices on the food manufacturer's performance. The imperatives of CRM practices have been conceptualized into CRM resources, customer focus and relationship marketing as three distinct constructs derived from its underlying RBV and RMT (Alnassar, 2014; Álvarez *et al.*, 2011).

Fourth, this study makes a strong contribution to CRM practices and RMT. By focusing on a phenomenon that is contemporary in both food manufacturer organizations and marketing practices, and linking it to an established theoretical domain, this study bridges gap between theory and practice in marketing. By building significantly on robust previous research, this study succeeds in laying out model of CRM practices on

organizational performance. This model are not re-inventing the wheel, with combination of RMT, RBV and market orientation theory to a noteworthy point and it is a platform for directed future research.

Managerial Implications:

An implication of this study is the possibility that the manager of food manufacturer is relatively dependent upon the activities of purchasers and salespersons for using market orientation to build and maintain channel relationships. This study also specifies that managers have to be alert of the need for effective valuation of marketing performance which help to deliver knowledge and understanding of the aim for and consequences of any particular marketing decision. This should be made in line with customer focus and competitor focus. Managers could commence a self-assessment and recognize specific customer focus goals and objectives that should be pursued by the firm and its employees.

The evidence from this study suggests that outside in processes such as market orientation, play an important role in creating and sustaining superior organizational performance (Jyoti and Sharma, 2013; Ngo and O'Casey, 2012). By showing that market firm's of CRM resources and relationship marketing influence market orientation, which in turn influence performance and this study reinforces the need to manage not only the resources and relationship marketing within the firm but also their complementarity. This study show managers that play with market orientation strategy are equally important role in resource allocation decisions as well as capability development. Importantly, managers should recognize the effectiveness resource allocation decisions and take into account the firm's need for both outside in processes (e.g. market orientation) and outside-out processes (CRM resources and relationship marketing).

Limitations and Future Research:

Notwithstanding entails findings, theoretical implications, managerial implications and industry contributions, a few caveats may be pointed out there. The present research focused on only a snapshot in time to test the hypothesized model and provide some general principles. CRM is an evolving process where some of the identified variables, such as CRM resources, relationship marketing and market orientation, would be expected to change over time and vary across firms. That similar traits were exhibited across firms provides justification for the current design and hypothesized model (Mohamad *et al.*, 2014a). Since CRM is a dynamic phenomenon a cross-sectional design would provide additional benefit; tracking the implementation and adoption of CRM practices over time could further test and refine insights into the relationship between market orientation, CRM practices adoption and customer relations.

Based on careful review of literature, this research has selected suitable theories (RBV and RMT) to be applied in the Malaysian context. Therefore, it is believed that future research could review the impact of other theories that may have relevance to this topic such as commitment-trust theory or CRM behavior theory, to name a few. The contribution of this study was to validate that the strategic use of CRM practices by food manufacturer firm that certainly influence the organizational performance, especially in Malaysia and subsequently develop a successful implementation CRM practices drivers and market orientation. Although market orientation was expected to mediate the relationship between CRM practices and organizational performance, the result indicated that market orientation is full mediation for infrastructural CRM resources and relationship marketing. It is valuable for future research to consider other factors that may mediate the impact of CRM practices on organizational performance.

ACKNOWLEDGEMENT

This research was funded in part by a research grant under Research Acculturation Grant Scheme RAGS/2012/FPTT/SS05/2, Faculty of Technology Management and Technopreneurship, Universiti Teknikal Malaysia Melaka and the Ministry of Education, Malaysia.

REFERENCES

- Adhikari, A. and M.S. Gill, 2012. Impact of Resources, Capabilities and Technology on Market Orientation of Indian B2B Firms. *Journal of Services Research*, 11(2): 75-98.
- Alnassar, B.A., 2014. The Factors That Impact of e-Customer Relationship Management Performance (e-CRM) of Mobile Services in Jordan. *Journal of Management Research*, 6(3): 199-213.
- Álvarez, L. S., R.V. Casielles and A.M.D. Martín, 2011. Analysis of the Role of Complaint Management in the Context of Relationship Marketing. *Journal of Marketing Management*, 27(1-2): 143-164.
- Anabila, P. and D. Awunyo-Vitor, 2013. Customer Relationship Management: A Key to Organisational Survival and Customer Loyalty in Ghana's Banking Industry. *International Journal of Marketing Studies*, 5(1): 107-117.

- Anderson, J.C. and D.W. Gerbing, 1988. Structural Equation Modeling in Practice: A Review and Recommended Two-step Approach. *Psychological Bulletin*, 10(3): 411-423.
- Browne, M.W. and R. Cudeck, 1993. Alternative ways of assessing model fit. In *Testing structural equation models*, ed. K. A. Bollen & J. S. Long. Newbury Park, CA: Sage.
- Byrne, B.M., 2010. *Structural Equation Modeling with AMOS: Basic Concepts, Applications, and Programming*. New York: Routledge.
- Chen, I.J. and K. Popovich, 2003. Understanding Customer Relationship Management (CRM): People, Process and Technology. *Business Process Management Journal*, 9(5): 672-688.
- Chien, C.S. and L. Moutinho, 2000. The External Contingency and Internal Characteristic of Relationship Marketing. *Journal of Marketing Management*, 16(5): 83-95.
- Choy, K.L., W.B. Lee and V. Lo, 2002. Development of a Case based Intelligent Customer-supplier Relationship Management System. *Expert Systems with Applications*, 23(3): 281-297.
- Cichy, R.F., J.M. Cha and S.H. Kim, 2009. The Relationship Between Organizational Commitment and Contextual Performance among Private Club Leaders. *International Journal of Hospitality Management*, 28(53-62).
- Coltman, T., 2007. Why Build a Customer Relationship Management Capability? *Journal of Strategic Information Systems*, 16(3): 301-320.
- Cooper, D.R. and P.S. Schindler, 2003. *Business Research Methods*. New York: McGraw-Hill Irwin.
- Das, K., J. Parmar and V. J. Sadanand, 2009. Customer Relationship Management (CRM) Best Practices and Customer Loyalty: A Study of Indian Retail Banking Sector. *European Journal of Social Sciences*, 11(1): 61-85.
- Day, G.S., 2003. Creating a Superior Customer Relating Capability. *MIT Sloan Management Review*, 44(3): 77-83.
- Department of Statistics, 2011. *Economic Census*. In *Economic Census, Profile of Small and Medium Enterprise*. Putrajaya, Malaysia: Department of Statistics.
- Duhaime, Gretchen, 2008. CRM in SME. In *CRM in SME*, 10. Boston, MA: Aberdeen Group Inc.
- Gounaris, S., A. Vassilikopoulou and K.C. Chatzipanagiotou, 2010. Internal-market Orientation: A Misconceived Aspect of Marketing Theory. *European Journal of Marketing*, 44(11-12): 1667-1699.
- Green Jr, K.W., R. McGaughey and K.M. Casey, 2006. Does Supply Chain Management Strategy Mediate the Association Between Market Orientation and Organizational Performance? *Supply Chain Management: An International Journal*, 11(5): 407-414.
- Hair, J.F., W.C. Black, B.J. Babin, R.E. Anderson and R.L. Tatham, 2010. *Multivariate Data Analysis: A Global Perspective*. New Jersey, USA: Pearson Education Inc.
- Hu, L. and P.M. Bentler, 1999. Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modelling*, 6(1): 1-55.
- Jöreskog, K.G., 1993. *Testing Structural Equation Models*. Newbury Park, CA: Sage.
- Jyoti, J. and J. Sharma, 2013. Impact of Market Orientation on Business Performance: Role of Employee Satisfaction and Customer Satisfaction. *Vision: The Journal of Business Perspective*, 16(4): 297-313.
- Kyriazopoulos, P., D. Yannacopoulos, A. Spyriadakos, M. Sisoko and E. Grigoroudis 2007. Implementation Internal Marketing through Employees' Motivation. In *Implementation Internal Marketing through Employees' Motivation*, POMS 18th Annual Conference, 1-36. Dallas, Texas, USA.
- Landroguéz, S.M., C.B. Castro and G. Cepeda-Carrión, 2011. Creating Dynamic Capabilities to Increase Customer Value. *Management Decision*, 49(7): 1141-1159.
- Li, S., Bhanu Ragu-Nathan, T.S. Ragu-Nathan and S. Subba Rao, 2006. The Impact of Supply Chain Management Practices on Competitive Advantage and Organizational Performance. *Omega*, 34(2): 107-124.
- Liyun, Qi, Wang Keyi, Wang Xiaoshu and Zhang Fangfang, 2008. Research on the Relationship Among Market Orientation, Customer Relationship management, Customer Knowledge Management and Business Performance. *Management Science and Engineering*, 2(1): 31-37.
- Mahmoud, M.A., 2011. Market Orientation and Business Performance among SMEs in Ghana. *International Business Research*, 4(1): 241-251.
- Matrade External Trade Development Corporation, 2014. *Malaysia Products Directory*. In *Malaysia Products Directory*, Client Relationship Management Unit, Exporters Development Division
- Mavondo, F.T., J. Chimhanzi and J. Stewart, 2005. Learning Orientation and Marketing Orientation Relationship with Innovation, Human Resource Practices and Performance. *European Journal of Marketing*, 39(11-12): 1235-1263.
- McManus, L., 2012. Customer Accounting and Marketing Performance Measures in the Hotel Industry: Evidence from Australia. *International Journal of Hospitality Management*, (*In Press*)
- Mendoza, L.E., A. Marius, M. Pérez and A.C. Grimán, 2007. Critical Success Factors for a Customer Relationship Management Strategy. *Information and Software Technology*, 49(8): 913-945.

- Micheels, E.T. and H. Gow, 2012. The Effect of Alternative Market Orientation Strategies on Firm Performance. *International Journal of Marketing Studies*, 4(3): 2-15.
- Min, S., S. Song and J.S. Keebler, 2002. An Internet-mediated Market Orientation (IMO): Building a Theory. *Journal of Marketing Theory Practices*, 10(2): 1-11.
- Mohamad, S.H., N.A. Othman, J. Jabar and I.A. Majid, 2014a. Customer Relationship Management Practices : The Impact on Organizational Performance in SMEs of Food Manufacturing Industry. *European Journal of Business and Management*, 6(13): 35-48.
- Mohamad, S.H., N.A. Othman, J. Jabar and I.A. Majid, 2014b. The Impact of Customer Relationship Management (CRM) Processes towards Business Performance. *International Journal of Research in Management*, 4: 11-24.
- Narver, J.C., S.F. Slater and D.L. MacLachlan, 2004. Responsive and Proactive Market Orientation and New-Product Success. *Journal of Product Innovation Management*, 21: 334-347.
- Narver, J.D. and S.F. Slater, 1990. The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*, 54(October): 20-35.
- Neill, Stern and Gregory M. Rose, 2006. The Effect of Strategic Complexity on Marketing Strategy and Organizational Performance. *Journal of Business Research*, 59(1): 1-10.
- Ngai, E.W.T., 2005. Customer Relationship Management Research (1992-2002): An Academic Literature Review and Classification. *Marketing Intelligence and Planning*, 23(6/7): 582-605.
- Ngo, L. V. and A. O'Cass, 2012. Performance Implications of Market Orientation, Marketing Resources and Marketing Capabilities. *Journal of Marketing Management*, 28(1-2): 173-187.
- Nwokah, N.G., 2008. Strategic Market Orientation and Business Performance: The Study of Food and Beverages Organizations in Nigeria. *European Journal of Marketing*, 42(3/4): 279-286.
- Punch, K.F. , 2006. *Developing Effective Research Proposal* California: Thousand Oaks.
- Richards, K.A. and E. Jones, 2008. Customer Relationship Management: Finding Value Drivers. *Industrial Marketing Management*, 37(2): 120-130.
- Ruekert, R.W., 1992. Developing a Market Orientation: An Organizational Strategy Perspective. *International Journal of Research in Marketing*, 9(225-245).
- Santhanam, R. and E. Hartono, 2003. Issues in Linking Information Technology Capability to Firm Performance. *MIS Quarterly*, 27(1): 125-153.
- Saunders, Mark, Philip Lewis and Andrian Thornhill, 2009. *Research Methods for Business Students*. Great Britain: Pearson Education.
- Sin, L.Y.M., A.C.B. Tse and F.H.K. Yim, 2005. CRM: Conceptualization and Scale Development. *European Journal of Marketing*, 39(11/12): 1264-1290.
- Slater, S.F. and J.C. Narver, 1998. Customer-led and Market-oriented: Let's Not Confuse the Two. *Strategic Management Journal*, 19(1001-1006).
- Smith, W. and M. Higgins, 2000. Reconsidering the Relationship Analogy. *Journal of Marketing Management*, 16(81-94).
- Stefanou, C.J., C. Sarmaniotis and A. Stafyla, 2003. CRM and Customer-centric Knowledge Management: An Empirical Research. *Business Process Management Journal*, 9(5): 617-634.
- Tharenou, P., R. Donohue and B. Cooper, 2007. *Management Research Methods*. Melbourne: Cambridge University Press.
- Third Industrial Master Plan, 2006-2020. Third Industrial Master Plan. In Third Industrial Master Plan. Ministry of International Trade and Industry, Kuala Lumpur: Percetakan Nasional Malaysia Berhad.
- Wang, Cheng-Hua, Kuan-Yu Chen and Shiu-Chun Chen, 2012. Total Quality Management, Market Orientation and Hotel Performance: The Moderating Effects of External Environmental Factors. *International Journal of Hospitality Management*, 31(1): 119-129.
- Wu, J.N., W.J. Zhong and S.E. Mei, 2011. Application Capability of e-Business, e-Business Success, and Organizational Performance: Empirical Evidence from China. *Technological Forecasting and Social Change*, 78(8): 1412-1425.
- Wu, S.I. and C.L. Lu, 2012. The Relationship between CRM, RM, and Business Performance: A Study of the Hotel Industry in Taiwan. *International Journal of Hospitality Management*, 31(1): 276-285.
- Xu, M. and J. Walton, 2005. Gaining Customer Knowledge through Analytical CRM. *Industrial Management and Data Systems*, 105(7): 955-971.
- Zablah, A.R., D.N. Bellenger and W.J. Johnston, 2004. An Evaluation of Divergent Perspectives on Customer Relationship Management: Towards a Common Understanding of an Emerging Phenomenon. *Industrial Marketing Management*, 33(6): 475-489.
- Zaman, K. and S. Bibi, 2012. Impact of Internal Marketing on Market Orientation and Business Performance. *International Journal of Business and Social Science*, 3(12): 76-87.