4

Customer Relationship Management and Business Performance: Do Digital Platform Capabilities Matter?

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4.1 Introduction

Research on how firms benefit from their customer relationships is very important for both scholars and practitioners (Christopher et al., 1991; Meena & Sahu, 2021; Ngai, 2005; Reimann et al., 2010). With the rapid change in customer beliefs and behaviour, companies need to build sustainable relationships with their customers and leverage deep insights to deliver superior customer value (Al-Weshah et al., 2019). It is widely agreed that retaining or managing existing customers is more cost-effective than finding new ones (Kotler & Keller, 2009). Customer relationship management (hereafter, CRM) is a critical source of competitive advantage and superior performance of firms (Jackson, 1994; Migdadi, 2021; Mithas et al., 2005; Wang & Feng, 2012). CRM

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81

is a "strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments" (Payne & Frow, 2005: 168).

The concept of CRM developed in the early 1970s as a sales force automation tool, which enabled companies to track and manage sales interactions between their sales teams and customers (Buttle, 2004). Over time, CRM has evolved to become a "business strategy [that] leverages marketing, operations, sales, customer service, human resources, R&D and finance, as well as information technology and the Internet to maximise the profitability of customer interactions" (Chen & Popovich, 2003: 673). As customer tastes and preferences are speedily changing, companies implementing CRM processes have the potential of developing and bringing innovative goods and services to the marketplace (Reinartz et al., 2004; Valmohammadi, 2017). Prior studies support a positive relationship between CRM capability and firm performance (Battor & Battor, 2010; Coltman et al., 2011; Foltean et al., 2019).

Furthermore, digital transformation has become a strategic imperative in customer relationship management. In the business context, digital transformation is the use of new digital technologies such as social media, mobile analytics, artificial intelligence, cloud, blockchain, to create new business models and enhance customer experience (Fitzgerald et al., 2014; Warner & Wäger, 2019). In recent years, small and medium-sized enterprises (SMEs) have been important drivers of economic development. However, they face survival and competitive pressures in today's highly dynamic and globalised marketplace. In response to these challenges, they are increasingly integrating digital technologies, such as digital platforms, into their strategy to attract new customers as well as manage existing customer relationships (Kamalaldin et al., 2020). Research reveals that digital platforms are transforming the way companies conduct operations (Cenamor et al., 2019), build competitive advantages (Parker et al., 2016) and create customers values (Bresciani et al., 2018).

This trend highlights the close linkage between customer relationships and digital technologies in satisfying customer needs and sustaining performance. However, the mere possession of CRM tools as well as digital technology resources may be insufficient to thrive in today's

highly competitive marketplace. On the one hand, customer attitudes are continuously evolving, as such, only companies with the capability of building sustainable relationships with new customers as well as existing customers can create long-lasting customer loyalty. On the other hand, digital technologies create rapid changes and advancements (Vithayathil, 2018), hence, companies need to reconfigure their digital technology resources to match the customer needs. In this context, the dynamic capability view (DCV) proposes that adaptive companies are more likely to survive and achieve superior performance (Teece, 2007). Scholars contend that dynamic capabilities allow companies to integrate, reconfigure, acquire and release resources to match the changes and opportunities in the marketplace (Eisenhardt & Martin, 2000).

Thus, this chapter draws on DCV to investigate how two forms of dynamic capabilities, namely, CRM capability and digital platform capability interact to influence the performance of SMEs in the lower-middle-income country of Nigeria. The research focus is very important for the following reasons: First, as values have become more global, small companies in emerging markets, especially in Sub-Saharan Africa, are struggling to win, retain and manage their customers effectively. Second, unlike their peers in developed economies, these companies face more severe resource challenges that are more likely to influence their operations, strategies, and performance. Accordingly, this chapter contributes to the literature by shedding light on how these companies use CRM capability and digital platform capability to enhance their performance. Specifically, it explores the mediating role of digital platform capability in the relationship between CRM capability and performance.

The chapter proceeds as follows. The theoretical background and hypothesis development are presented in the next section. Then the research methodology is presented. This will be followed by the presentation of the results. Finally, a discussion of the findings will be presented alongside the study's limitations and suggested future research directions.

4.2   **Theoretical Background**

The resource-based view (RBV) of firms is one of the main perspectives in the strategy literature (Acedo et al., 2006; Newbert, 2007). At its core, it seeks to explain why companies in the same industry perform differently (Zott, 2003). In this regard, it posits that valuable, rare, inimitable, and non-substitutable resources are the basis of competitive advantages (Barney, 1991; Grant, 1991; Wernerfelt, 1984). In other words, survival as well as superior performance depends on a company's ability to create new resources and make them difficult for competitors to duplicate (Barney, 2001; Peteraf, 1993; Uhlenbruck et al., 2006). On this view, capabilities broadly refer to the "complex bundles of skills and accumulated knowledge that enable firms to coordinate activities and make use of their assets" (Day, 1990). Prior studies following the RBV suggest that superior customer-relational capability is one of the most important capabilities of companies as it confers sustainable competitive advantages (Coltman et al., 2011; Day, 1994, 2000). For example, Wang and Feng (2012) find that CRM capabilities were positively related to the performance of firms (Wang & Feng, 2012). Similarly, in a study of internet service providers, Keramati et al. (2009) find that the implementation of CRM resources leads to better firm performance. However, other studies found insignificant relationships (Ramaswami et al., 2009).

While still useful, RBV has been criticised for its static consideration of resources (Kraaijenbrink et al., 2010; Priem & Bulter, 2001). In today's changing business environment, mere possession of resources does not necessarily result in sustainable competitive advantage and performance (Battisti & Deakins, 2017; Eisenhardt & Martin, 2000; Vithessonthi & Racela, 2016). As a result, the dynamic capability view (DCV) scholars extended the RBV to explain how companies survive and grow in dynamic markets (Helfat & Peteraf, 2003; Rindova & Kotha, 2001). According to Teece et al. (1997: 516), a dynamic capability is a firm's "*ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments*". The DCV reminds us that companies must reconfigure their resource bases, structures, and processes to grow and create sustainable value < in volatile

environments (Eisenhardt & Martin, 2000; Peteraf et al., 2013). Moreover, Zollo and Winter (2002: 340) maintain that *"dynamic capability is a learned and stable pattern of collective activity, through which organizations systematically generate and modify their operating routines to enhance their effectiveness"*. Even though there is a substantial body of studies exploring the relationship between dynamic capabilities and performance outcomes (Karna et al., 2016; Rashidirad & Salimian, 2020; Teece et al., 2016; Wilhelm et al., 2015), SMEs in Africa are yet to receive sufficient attention.

On this basis, this chapter draws on DCV to explore how these SMEs use customer relationship management and digital platform capabilities to enhance their performance. This research focus has overarching implications because these companies, unlike their peers from developed economies, face severe resource constraints, lack of required skills and experience. In addition, they originate from weak institutional environments (LiPuma et al., 2011). Research shows that institution plays a critical role in the structure and performance of firms (Allred & Steensma, 2005). Overcoming these difficulties will require these companies to build various capabilities and continually renew them to effectively respond to the contingency of the marketplace. In this regard, Teece (2007) suggests that companies should adapt their resources to the evolving market demands through the sensing, seizing, and reconfiguration of resources.

First, African SMEs need to develop *sensing capabilities*. That is, they need to identify trends, challenges, and opportunities linked to their internal and external environments. For example, information and communication technology (ICT) is creating new opportunities in Africa (Hjort & Poulsen, 2019; Ndubuisi et al., 2021). SMEs incorporating these tools into their scanning strategy can acquire and filter information from the environments. Consequently, by evaluating and interpreting these ideas and insights, African SMEs can discover new opportunities and better understand customer needs.

Once opportunities have been identified, these companies must understand the resource needs and, accordingly, deploy the adequate resources to capture value from those opportunities and respond to threats (*seizing capabilities*. Again, new technologies can help African

SMEs to integrate digital processes and structures into their decision-making and business model development. For example, research shows that companies deploying digital technological resources as well as introducing innovative products and services can address customer needs (Cenamor et al., 2019).

Third, African SMEs need to develop *reconfiguration capabilities*. That is, the ability to integrate, and continually renew resources and organisational structures in line with the changes in markets conditions. For example, these companies can revamp their routines, redesign their business models and constantly refreshing their digital resources to better establish and nurture long-term relationships with customers. Taken together, by sensing, seizing, and reconfiguring their resources, African SMEs can gain deep insight into market needs, customer expectations and in turn, create superior customer values (Goerzig & Bauernhansl, 2018).

4.2.1 Customer Relationship Management Capabilities and Performance

Scholars have distinguished between resources and capabilities. According to Amit and Schoemaker (1993: 35), resources are stocks of factors that are available, owned or controlled by a firm. They are closely tied to the focal companies, thereby representing the static nature of resources (Katz & Kahn, 1966; Wernerfelt, 1984). Capabilities, on the other hand, are the ability of a company to effectively utilise its resources. Accordingly, to develop capabilities, a company needs to possess the skills and competencies of creating, leveraging, recombining, and releasing its resources (Eisenhardt & Martin, 2000). Customers are important stakeholders, thus, it is not surprising that CRM capability is critical to firm performance. CRM capability is the ability of a company to integrate adequate resources into its process of identifying and maintaining customer relationships and consequently, leveraging these relationships to create customer value (Morgan et al., 2009). Day (1994) refers to CRM capability as a valuable and hard-to-imitate source of competitive advantage.

Prior research reveals that companies with superior CRM capabilities have greater performance (Krasnikov & Jayachandran, 2008; Wang & Feng, 2012). For example, in a seminal study, Reichheld and Sasser (1990) find that CRM capabilities lead to higher customer retention rates and profitability. Similarly, Ryals (2005) reveals that business units implementing CRM activities achieved a 270% increase in profits. Battor and Batter (2010) find that CRM has a direct positive effect on firm performance. In a recent study, Al-Weshah et al. (2019) find that the four dimensions of CRM, namely system quality, information quality, system usage, and user satisfaction, have a significant impact on the performance of Jordanian telecommunication companies. To this end, this chapter argues that CRM capabilities form the basis on which African SMEs can understand the changing customer needs and find efficient ways of meeting their expectations (Day, 1994). In other words, this capability will allow them to retain their existing customers, build long-term customer relationships and consequently, achieve superior performance. Thus, the first hypothesis is proposed as follows:

Hypothesis 1: There is a positive relationship between CRM capability and business performance.

4.2.2 Digital Platform Capability and Performance

Unlike in the traditional contexts, digital transformation is accelerating the pace of change, thereby causing more volatility and uncertainty in the global marketplace (Dehnert, 2020; Loonam et al., 2018). As a result, many companies are exploring and exploiting digital technologies to survive and achieve superior performance (Warner & Wäger, 2019). Hess et al. (2016) highlight that digital technologies shape business models, organisational structures, and processes of companies. In other words, these technologies offer companies a variety of tools, systems, and structures that enable them to interact, collaborate, and create customer values (Nambisan, 2017). In this regard, digital platforms such as social media, chatbots, video conference tools, online communities are powerful sources of competitive advantages (Parker et al., 2016; Wang,

2020). Accordingly, digital platform capability is the ability of a company to gather and integrate available digital technological resources, skills and competence into its activities and processes to produce desired outcomes (Stoel & Muhanna, 2009). For example, companies possessing digital platform capability can utilise enormous opportunities in the digital space, enhance their operational efficiency and performance (Salleh et al., 2017; Yunis et al., 2018).

As evidence is still scarce in emerging markets such as Africa, there is a need for more studies to advance the understanding of the impact of digital platforms on the performance of SMEs (Alavi, 2016). Even though digital platforms are useful, the lack of resources faced by the majority of African SMEs is likely to affect their outcomes (Hamdan et al., 2016). In this context, this chapter contends that companies with the relevant skills and competencies can use digital platforms to improve their performance. This is in line with studies suggesting that mere possession of digital platform resources is not sufficient for achieving competitive advantages and performance (Salleh et al., 2017). In other words, digital platform capability enables these companies to leverage and align digital structures and systems for competitive and performance objectives. Therefore, the following hypothesis is proposed:

Hypothesis 2: There is a positive relationship between digital platform capability and business performance.

4.2.3 Digital Platform Capability and CRM Capability

Digital platforms are changing the ways companies interact and engage with their customers. The digital platform can promote ecosystems, where companies can interact, and exchange ideas with customers (Helfat & Raubitschek, 2018; Nambisan et al., 2019). In other words, digital platforms can play an important role in shaping the CRM capabilities of companies (Kamalaldin et al., 2020). Specifically, digital platforms can help African SMEs to create channels that promote a free flow of information and constant sharing of ideas between them and customers (Ritter & Pedersen, 2020). Specifically, it can improve

the customer interactions, collection, and filtering of market-related information critical to understanding customer needs (Melville et al., 2004). Thus, African SMEs possessing appropriate skills and competence can incorporate these insights to better track, evaluate and understand customers evolving demands. Furthermore, digital platforms can enable these companies to capture customer needs and expectations in real-time. Accordingly, African SMEs integrating digital platform capability into their CRM capability can create and deliver superior customer value, maintain a large base of loyal customers, and consequently, sustain superior performance (Eisenmann et al., 2011). Therefore, the last hypothesis is proposed:

Hypothesis 3: The positive relationship between CRM capability and business performance is mediated by digital platform capability.

4.3 Research Design

4.3.1 Sample and Data Collection

To test the proposed hypotheses, a survey targeting SMEs in the manufacturing and service sectors in Nigeria was conducted. The focus on SMEs is due to their important contributions to developing economies. Thus, examining the role of CRM and digital platform capabilities will further uncover the antecedents of their productivity. The survey instrument was pre-tested on three (3) scholars and two (2) practitioners to ensure the validity and clarity of the questionnaire items. Based on their feedback, adjustments were made to the survey questionnaire. The final version of the questionnaire was emailed to 400 companies in 2020. In line with other studies, the survey was directed to the owner-managers as they have more reliable information about their companies' activities and overall performance (Zahra & Covin, 1995). A total of 113 responses was received, yielding a response rate of 28.24%. However, due to missing data, 10 were omitted, leaving a total of 103 completed questionnaires, yielding a response rate of 25.75%.

4.3.2 Measures

The focal variables in this study are CRM capability, digital platform capability, and business performance, which are measured by multiple-item scales. These items were all operationalised based on a five-point Likert-type scale.

4.3.2.1 Business Performance

Business performance was operationalised as two-dimensional constructs, namely, financial performance and market performance (Spanos & Lioukas, 2001). Subjective measures were adopted in this study because of the difficulty in obtaining absolute values of actual performance. Specifically, in an emerging market context such as Nigeria, small companies are often reluctant to disclose their financial information (Haugland et al., 2007). Research shows that subjective assessment of firm performance is fitting because it reflects a company's true position relative to others (Slotegraaf & Dickson, 2004). Accordingly, following previous studies, first, financial performance was measured with two items, profitability and sales growth. Second, market performance was measured with three items: customer satisfaction, customer retention, and market share. The respondents were asked to indicate their companies' performance relative to their competitors. The items ranged from *much worse than competitors* (1) to *much better than competitors* (5).

4.3.2.2 Customer Relationship Management Capability

The CRM capability is conceptualised as a second-order construct following Battor and Battor (2010). Accordingly, it consists of three first-order components, namely customer information, relationship orientation, and configuration (Reinartz et al., 2004).

4.3.2.3 Digital Platform Capability

To measure digital platform capability, this study conceptualised it as a second-order construct that contains three first-order components, namely, ICT adoption, digital orientation, and digital skills (Li & Chan, 2019; Zhou & Wu, 2010).

4.4 Analysis and Results

4.4.1 Analytical Method

To test the research model and hypotheses, this study adopted a Partial Least Squares Path Modelling approach (Hair et al., 2019). In PLS-SEM, the ten (10) times rule is recommended for the determination of the right sample size (Barclay et al., 1995). The structural model of this study has three constructs, that is, two independent variables (CRM capability and digital platform capability) and a dependent variable (Business performance). The sample size used in this study is above the minimum requirement; and thus, appropriate for the analysis (Hair et al., 2017). Accordingly, the two standard procedures to structural equation modelling analysis were applied, first, the measurement model was assessed to determine the reliability and validity of the constructs; and second, the structural model was used in the hypothesis testing.

4.4.2 Assessing Measurement Models

4.4.2.1 Validity and Reliability

The convergent validity involves the verification of three indices, namely, the factor loadings, average variance extracted (AVE), and composite reliability (CR). After removing two items with poor outer loading value (BF2, BF 5), the measurement model of Business Performance was reduced to three items. The results of convergent validity presented in Table 4.1 show that the outer loading for all the items is above the 0.7

Table 4.1 Convergent validity results

Construct	Item	Outer loading (>0.7)	Cronbach's alpha (α > 0.7)	Rho-A (>0.7)	Composite reliability (>0.7)	AVE (>0.5)
Business performance			0.823	0.835	0.894	0.739
	BF3	0.854				
	BF4	0.905				
	BF6	0.817				
CRM capability			0.811	0.861	0.888	0.727
	CRM1	0.915				
	CRM2	0.909				
	CRM3	0.720				
Digit Platform capability			0.748	0.765	0.854	0.661
	DPC1	0.795				
	DPC2	0.815				
	DPC3	0.828				

thresholds. More so, Cronbach's alpha is a common test for internal reliability of latent constructs (Bryman & Bell, 2011) with a recommended value of 0.70 or higher. Likewise, the composite reliability (CR) verifies the internal consistency and reliability of the constructs; and it is recommended to be 0.70 or higher. The Cronbach' alpha: >0.748 and CR: >0.854 are above the recommended values. Finally, the convergent validity is achieved by AVE values higher than 0.50; and as shown in Table 4.1, all the constructs have sufficient convergent validity: AVE is >0.661 (Hair et al., 2011).

4.4.2.2 Discriminant Validity

The discriminant validity guarantees the uniqueness of a measurement construct. The values in Table 4.2 show that each of the constructs shares more variance with its associated items than with any other constructs (Hair et al., 2014: 105). More precisely, as shown in the first section of Table 4.2, the square root of each construct's AVE (see the diagonal

Table 4.2 Discriminant validity (Fornell-Larcker criterion) (Heterotrait-Monotrait Ratio)

Latent constructs	BP	CRMC	DPC	BP	CRMC	DPC
Business performance (BP)	0.860					
CRM capability (CRMC)	0.603	0.853		0.725		
Digital platform capability (DPC)	0.679	0.486	0.813	0.849	0.575	

entries) is greater than its highest correlation with any other construct (see the non-diagonal entries). The results show that the measurement model satisfies the discriminant validity criteria recommended by Fornell and Larcker (1981). Likewise, the measurement model satisfies the Heterotrait–Monotrait (HTMT) ratio criterion of discriminant validity. As shown in the second section of Table 4.2, the values are lower than 0.90 (Henseler et al., 2016).

Lastly, the variance inflation factor (VIF) took values under the 2.6 limit (inner VIF between 1.0 to 1.3; outer VIF between 1.4 to 2.6). These values indicate the absence of collinearity (Diamantopoulos & Siguaw, 2006). In sum, the fulfilment of the reliability, convergent validity, and discriminant validity criteria confirm that the proposed model meets all measurement requirements recommended by the literature (Hair et al., 2014).

4.4.3 Structural Model Evaluation and Results

Since the adequacy of the measurement model was confirmed, structural equation modelling was used to test the hypotheses. First, the results show that the model explains 55.9% of the variance in the endogenous latent variable—business performance (Chin, 1998). Second, the values of the effect size (f2) are adequate for the two exogenous latent variables—CRM capability (0.222) and digital platform capability (0.442). Finally, the value of the Goodness of Fit of the Model of this study is (SRMR = 0.074), which is below the 0.08 threshold (Hu & Bentler, 1999); and the predictive power (Q2 = 0.392), which confirms the relevance of the model.

Table 4.3 Results of the structural equation model test

Hypotheses	β	t-value	p-value
H1: CRM capability (CRMC) → Business performance (BP)	0.315	2.193	0.029
H2: Digital platform capability (DPFC) → BP	0.662	4.922	0.000
H3: CRMC → DPFC → BP	0. 396	3. 261	0.001

The results of the relationship between the constructs operationalised in this study are presented in Table 4.3. The first hypothesis posits that there is a direct positive relationship between CRM capability and business performance. The results support this hypothesis ($\beta = 0.315$; t-value $= 2.193$; $p = 0.029$). The second hypothesis states that there is a direct positive relationship between digital platform capability and business performance. Likewise, the results support this hypothesis ($\beta = 0.662$; t-value $= 4.922$; $p = 0.000$). Finally, a mediation test is performed to see if the digital platform capability mediates the positive relationship between CRM capability and business performance. In support of hypothesis 3, the specific indirect effects test results show that digital platform capability fully mediates the relationship between CRM capability on business performance is positive and significant ($\beta = 0. 396$; t-value $= 3. 261$; $p = 0.001$).

4.5   Discussions

In today's globalised and rapidly changing business environment, digitalisation is regarded as a source of competitive advantage and superior performance due to its potential for new value creation. Despite the burgeoning literature in this area, there is a paucity of evidence on how emerging market firms, African SMEs, in particular, utilise digital technologies in managing their customer relationship. Consequently, the primary objective of this chapter was to examine the simultaneous effects of CRM capability and digital platform capability on the performance of SMEs in Nigeria. This chapter has some important implications for the small companies in Africa.

First, the study reveals that CRM capability contributes to business performance. In the current dynamic marketplace, the customer-centric strategy is the key to the business survival and success of companies (Coltman et al., 2011; Ho et al., 2020). This finding is very important for SMEs in Africa as it reemphasises the importance of CRM practices as means of customer engagement and understanding of customer needs. However, the dynamic capability literature reminds us that the mere existence of resources may be inappropriate or insufficient to sustain competitive advantages, especially when the market conditions change (Battisti & Deakins, 2017). Thus, this finding is consistent with prior studies highlighting the need for developing adequate capabilities when adopting and implementing CRM practices (AlQershi et al., 2020). As customer demands and preferences are rapidly evolving across Africa, CRM capability help SMEs in the region better understand those needs and develop appropriate responses. The knowledge acquired from customer relationships, customer involvement, and joint problem sharing can help African SMEs introduce products and services that match changes in customer expectations (Valmohammadi, 2017). In so doing, they can build customer loyalty and consequently achieve superior performance (Rapp et al., 2010).

Second, in line with burgeoning evidence, this study provides support for a positive relationship between digital platform capability and business performance. In this digital era, there is a wide range of new technologies that create value for SMEs (Bharadwaj et al., 2013; Bouwman et al., 2019). However, these new technologies are rapidly increasing the pace of change in the marketplace, thereby placing additional constraints on the life cycles of products. In other words, moving with technological advancement is no longer an option, but an imperative if a company wants to survive and grow sustainably. However, given the vast amount of digital resources and data, companies, especially SMEs, need to have the appropriate capabilities in place. In this regard, this study reveals that digital platform capability is essential to achieving superior performance. The need for developing digital platform capability is higher for African SMEs due to their severe resource constraints. Without appropriate capability, mere investment in digital technological resources can lead to spreading their companies' resource too thin. Thus, this finding

suggests that SME managers in Africa should take capability development seriously when adopting digital platforms to achieve their desired outcomes.

Third, in addition to the direct effects discussed above, an interesting finding in this study is that the digital platform capability fully mediates the positive relationship between CRM capability and business performance. The rise of new technologies is enabling companies to integrate digital platforms into their CRM practices. For example, the use of social media networks has become one of the widely used platforms by companies to interact with customers and deliver services (Ayodeji & Kumar, 2019). Research suggests that information sharing, customer engagement, joint problem-solving, and long-lasting relationship are greater when a company can integrate available digital technological resources, skills, and competence into its CRM activities and processes (Kamboj et al., 2018). The mediating effect found in the current study supports that prior studies highlight the importance of incorporating digital technologies in their existing CRM system to sustain superior performance (Foltean et al., 2019; Wang & Kim, 2017). Thus, these findings suggest that SME managers in Africa should integrate and utilise digital capabilities in their CRM practices to win and retain customers.

4.5.1 Limitations and Future Research Directions

This study is not without limitations. First, the firms in our sample are from a single country, Nigeria. The results obtained in this study cannot be fully generalised to companies in other emerging economies. Therefore, this study calls for future studies to validate the impact of CRM capability and digital capability on business performance, especially in Sub-Saharan Africa.

Second, digital platform capability is a complex construct and, as such, capturing all its dimensions in a single study is very challenging. Likewise, there are other variables not included in the study (e.g. market orientation, brand management capability) that may influence the relationship between CRM capability and business performance. Thus, this

study calls for future studies to explore other measures to further uncover the factors influencing the relationships examined in this study.

Finally, relative to their peers in developed economies, SMEs in Africa are more exposed to resource constraints and weak institutional background. This study acknowledges that these liabilities are likely to affect their level of digital technology adoption and implementation. Thus, future research needs to explore the mechanisms underpinning their resource allocation and capability development.

4.6   Conclusion

Digital technologies are changing markets, business environments, and customer interactions. With the rise of digital technology, the adoption and implementation of CRM has drastically changed. As a result, SMEs are now incorporating digital platforms into their existing CRM systems. While CRM practices have the potential of increasing performance, this chapter has shown that SMEs in Africa need to develop adequate CRM and digital platform capabilities to enhance their success. Specifically, this chapter shows that digital platform capability is critical to explaining the impact of CRM capability on business performance. Despite the limitations of this study, it has the potential of opening up more productive fields for future research.

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