

## Business Network Accessibility, Customer Relationship Management and Value Co-creation on Family Business Performance

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### Abstract

This study aims to analyze the effect of customer relationship management (CRM) capability, business network accessibility (BNA), and value co-creation (VCC) on the improvement of familial distribution network (FDN). In addition, this study also analyzes the influence of customer relationship management (CRM), familial distribution network (FDN), business network accessibility (BNA), and value co-creation (VCC) on improving marketing performance (MP). The results of the study show that the accessibility of the business network has a positive contribution to the strength of the familial distribution network and marketing performance, the strength of the family distribution network has a positive contribution to the marketing performance. In addition, the combination of social networking and customer relationship management provides a great opportunity to enrich customer interactions and provide businesses with a way to manage and measure how they use social networks while successfully attracting social customers.

### Keywords

customer relationship management, business network accessibility, value co-creation, family distribution network, marketing performance.

## 1. Introduction

Firm capabilities are the skills and accumulated knowledge that firms use to acquire, deploy and leverage resources to achieve superior performance (Morgan et al. 2009). Capabilities differ

from resources as resources are mostly static whereas capabilities are skills embedded in a well-defined process for creating, maintaining, and utilizing resources, so they are dynamic (Vorhies and Morgan 2005). Customer relationship management is a cross-functional organizational process that focuses on building, maintaining, and enhancing long-term relationships with attractive customers (Payne and Frow 2005; Parvatiyar and Sheth 2001)

When social networking and customer relationship management work well together, businesses gain the ability to better listen to customer conversations and engage customers socially on their own terms while managing and measuring their efforts to do so. Social networks, by bringing conversations online when they are not yet harnessed and managed, also help organizations get closer to customers so they can better optimize their marketing, sales, and customer service efforts (Riswanto, 2021). The combination of social networking and customer relationship management provides a great opportunity to enrich customer interactions and provides businesses with a way to manage and measure how they use social networks while successfully attracting social customers. There are, however, some basic strategies that can help organizations better utilize social networks as part of their overall customer management strategy.

A process-based conceptual framework for managing value co-creation is proposed by presenting a two-way process of value creation along with relationship experiences in customer processes on the one hand, and value co-creation and design relationship experiences practiced by suppliers on the other (Payne et al., 2008). The framework highlights that shared value creators in marketing are the source of building customer relationships, knowledge is an important stream for gaining competitive advantage and operant sources are the main unit of exchange in business processes. Conceptually, this study replicates the research of Nopus & Ichwanudin (2020) which analyzes the ability of customer relationship management and family distribution networks in SMEs. This study seeks to analyze the effect of customer relationship management (CRM) capability, business network accessibility (BNA), and value co-creation (VCC) on the improvement of familial distribution network (FDN). In addition, this study also analyzes the influence of customer relationship management (CRM), familial distribution network (FDN), business network accessibility (BNA) and value co-creation (VCC) on improving marketing performance (MP).

## 2. Literature Review

Wang and Feng (2012) stated that the ability of customer relationship management is very strong leading to an increase in marketing performance. Ali et al (2019) using the dimensions of customer relationship management technology, customer relationship management processes, customer orientation, customer relationship management organizations on organizational performance found that insignificant variables were covered by customer relationship management organizations which had a positive influence on performance. organization and this study found that customer relationship management is the only one that has a direct influence on organizational performance or acts fully as a mediator for all other determinants so that it can be concluded that the capability of customer relationship management to marketing performance in this study has an insignificant relationship.

*H1. The ability of customer relationship management (CRM) affects improving marketing performance (MP)*

Sarner et al. (2011) stated that in social networks, customer relationship management is related to ROI in business models as opposed to elsewhere. Kim et al (2010) stated that those who use social networks want meaningful engagement with companies and businesses want a way to manage and measure them on social networks. When social networking and customer relationship management work well together, businesses gain the ability to better listen to customer conversations and engage customers socially on their terms while managing and measuring their efforts to do so. Social networks, by bringing online conversations when they are not yet harnessed and managed, also help organizations get closer than customers so they can better optimize their marketing, sales, and customer service efforts all about connecting and engaging in new ways with customers.

*H2. The ability of customer relationship management (CRM) affects increasing the family distribution network (FDN)*

Zhao & Aram (1995) stated that business network accessibility is defined as a medium for company owners to access resources that they do not have in a cost-effective way that affects business success. Granovetter (1983) argues that individuals who have a business network consisting of outsiders and friends tend to have access to more information than those who do not have a network. Also, research conducted by Fischer and Reuber (2003) argues that company owners need to develop relationships with the external environment to increase business growth.

*H3. There is a positive influence of business network accessibility (BNA) on family distribution network (FDN)*

The co-creation of value will be connected with the process of interaction between the company and the customer (Grönroos, 2000; Vargo & Lusch, 2004). It is a joint value creation activity carried out by actors and recipients in an integrated network together with means of sourcing operands for mutual benefit (Ehrenthal, 2012; Grönroos & Helle, 2012; Vargo & Lusch, 2004). This is contrary to traditional marketing practices, co-creation of value primarily considers customers as active players and part of the company during the interaction process for co-producing and co-creating value (Grönroos, 2000; Prahalad and Ramaswamy, 2000).

*H4. There is a positive effect of value co-creation (VCC) on family distribution networks (FDN)*

Corstjens and Doyle (1979) suggest that while some companies have adopted multiple channel product distribution approaches, others have remained on single-channel product distribution. The number of distribution channels has been listed as an organization's agility tactic, (Naylor et al., 1999) to increase market share. Sobar et al. (2021) suggest that the most recent trend in product distribution is for companies to increasingly adapt to multi-channel distribution. For any company with a product to sell, how to make the product available to its intended customers can be as important a strategic issue as the development of the product itself (Ahn et al., 2006). Multi-channel product distribution will for this study refer to a situation where on top of traditional intermediaries (whole-sellers, resellers, distributors, retailers, etc.), manufacturers deliberately employ other distribution strategies to have more market control (Handani, 2021). Sadma (2021) show that the process of eliminating the sole dependence on intermediaries has presented manufacturers with opportunities including but not limited to direct control of distribution and pricing, more flexibility in experimenting with new product attributes, closer contact with customers, and protection. of the crisis faced by intermediaries.

*H5. There is a positive influence of familial distribution network (FDN) on marketing performance (MP).*

Florin et al. (2003) stated that networks can provide value to members by allowing them access to social resources embedded in the network, where the network can provide a means to be able to obtain external resources needed for the company (Jarillo, 1989). While Granovetter (1983) argues that individuals who have a business network consisting of external relationships tend to have access to more information than those without a network, for this reason, Fischer and Reuber (2003) argue that company owners need to develop relationships with the external environment to increase business growth.

*H6. There is a positive influence of business network accessibility (BNA) on marketing performance (MP).*

Payne et al. (2008) argue that the value creation process involves suppliers and customers to create a value proposition, in which the customer determines the current value of the goods or services consumed. The relevance of the superior value proposition to the target customer must result in the opportunity for value creation and generate benefits or value. Successfully managing value creation and exchange, the company can achieve maximum revenue and profit. Furthermore (Edvardsson et al., 2011) states that basically the value creation process can be understood through social structures and social systems that are expressed through norms, values, and ethical standards guided by whether interactions or relationships between individuals or groups are acceptable. or not, which has implications for the process of exchange and mutual value creation.

*H7. There is a positive effect of value co-creation (VCC) on marketing performance (MP).*

### 3. Methods

This study seeks to analyze the effect of customer relationship management (CRM) capability, business network accessibility (BNA), and value co-creation (VCC) on the improvement of familial distribution network (FDN). In addition, this study also analyzes the effect of customer relationship management (CRM), familial distribution network (FDN), business network accessibility (BNA), and value co-creation (VCC) on improving marketing performance (MP).

This study was conducted in the province of Banten, using a sample of 191 SME respondents. For operational definitions and indicators for each variable, it is shown in Table 1.

**Table 1.** Variable Indicator

<b>Variable</b>	<b>Indicator</b>
Customer Relationship Management Capability (CRM)	Able to build customer network
	Able to provide more benefits to the customer network
	Always provide information that supports success
	Help networking with complete product information
	Support networking on knowledge of success opportunities
	Helping customers in their sales activities
	Provide an evaluation for the success of the distribution network in selling products
Business Network Accessibility (BNA)	Easily add sales and distribution network members
	Able to get key networks in sales and distribution

	Able to get customers that other companies find difficult to get
	Can always get into the marketing network in difficult areas
The Power of the Family Distribution Network (FDN)	Sales power in sales network
	Proximity in the form of information exchange
	The power of family-like closeness with a network
	The power of family-style mutual trust with a sales network
	Strength in helping each other economically with sales network
	Products are always quickly accepted by the market
	In the hands of customers, the product sells very quickly in the market
	In the hands of customers, the product sells very quickly in the market
	In the hands of customers, the product is quickly recognized by the public
Value Co-Creation in Business (VCC)	Always strive for mutual benefit with sales network
	Can provide mutually beneficial products with sales network
	Provide a mutually beneficial pricing policy
	Together with network members looking for breakthrough marketing activities that advance together
	Discuss together in marketing products
Marketing Performance (MP)	Sales targets
	Sales growth
	Added network members
	Increased sales of product variants

The analytical tool used to test the hypothesis is to use Structural Equation Modeling (SEM) with the AMOS software program.

In this study, there are two exogenous constructs, namely the strength of the family-like network of distribution (Family-like Networking Power) and marketing performance. Based on the test results confirmatory test of the strength of the family distribution network of eight indicators, it shows that there are three indicators namely sales strength in the sales network (X12), proximity in the form of information exchange (X13) and in the hands of customers the product is quickly recognized by the public. (X18) has a loading factor value below 0.50 so this indicator must be dropped and there are five indicators remaining. Further testing shows that in the confirmatory test of the revised model for the strength construct of the familial distribution network that five indicators have a factor loading above 0.50. In addition, the model fit criteria of the exogenous construct of the Strength of the Family Distribution Network have also shown values in accordance with the recommended ones, thus it can be concluded that all construct indicators in this study are considered valid and have met convergent validity. Furthermore, the results of the confirmatory test of the marketing performance construct show that all of the indicators, namely that there are 5 (five) indicators, have a factor loading above 0.50 so that no indicators must be removed or dropped.

In this study, there are three exogenous constructs, namely customer relationship management capabilities, business network accessibility, and joint value creation in business. The results of the confirmatory test of the endogenous construct of customer relationship management capabilities show that of the seven indicators, there are two indicators that have a loading factor value below 0.50, namely the indicator of the ability to build customer networks and the ability

to provide more benefits to the customer network so that they were dropped from the analysis. Furthermore. The revision test found that five indicators of the endogenous construct of customer relationship management capability had a factor loading above 0.50 and had met convergent validity.

#### 4. Results

The confirmatory test results show that all indicators of the business network accessibility construct are that there are five indicators that have a factor loading above 0.50 so that no indicators have to be removed or dropped. Thus, all construct indicators in this study are considered valid and have met convergent validity. The confirmatory test results for the endogenous construct of joint value creation show that of the five indicators, there is one indicator that has a loading factor value below 0.50, namely discussing together in marketing products, because it has a loading factor value below 0.50, it must be excluded or dropped. The confirmatory test of the revised model shows that 4 indicators have a loading factor above 0.50 so that it meets convergent validity (Table 2).

**Table 2.** Convergent Validity Test Results

Indicators	Coefficient	Verification	Indicators	Coefficient	Verification
<b>CRM1</b>	<b>0.538</b>	<b>Valid</b>	<b>VCC1</b>	<b>0.749</b>	<b>Valid</b>
<b>CRM2</b>	<b>0.829</b>	<b>Valid</b>	<b>VCC2</b>	<b>0.892</b>	<b>Valid</b>
<b>CRM3</b>	<b>0.448</b>	<b>Valid</b>	<b>VCC3</b>	<b>0.842</b>	<b>Valid</b>
<b>CRM4</b>	<b>0.609</b>	<b>Valid</b>	<b>VCC4</b>	<b>0.661</b>	<b>Valid</b>
<b>CRM5</b>	<b>0.733</b>	<b>Valid</b>	<b>VCC5</b>	<b>0.777</b>	<b>Valid</b>
<b>CRM6</b>	<b>0.602</b>	<b>Valid</b>	-	-	-
<b>CRM7</b>	<b>0.644</b>	<b>Valid</b>	<b>BNA1</b>	<b>0.653</b>	<b>Valid</b>
<b>FDN1</b>	<b>0.822</b>	<b>Valid</b>	<b>BNA2</b>	<b>0.465</b>	<b>Valid</b>
<b>FDN2</b>	<b>0.457</b>	<b>Valid</b>	<b>BNA3</b>	<b>0.665</b>	<b>Valid</b>
<b>FDN3</b>	<b>0.780</b>	<b>Valid</b>	<b>BNA4</b>	<b>0.554</b>	<b>Valid</b>
<b>FDN4</b>	<b>0.835</b>	<b>Valid</b>	-	-	-
<b>FDN5</b>	<b>0.584</b>	<b>Valid</b>	<b>MP1</b>	<b>0.325</b>	<b>Valid</b>
<b>FDN6</b>	<b>0.836</b>	<b>Valid</b>	<b>MP2</b>	<b>0.515</b>	<b>Valid</b>
<b>FDN7</b>	<b>0.858</b>	<b>Valid</b>	<b>MP3</b>	<b>0.707</b>	<b>Valid</b>
<b>FDN8</b>	<b>0.864</b>	<b>Valid</b>	<b>MP4</b>	<b>0.408</b>	<b>Valid</b>

Furthermore, analysis was performed to examine the effects of various variables, as hypothesized. Influence analysis was carried out to explain the strength of the influence between constructs, both direct effect, indirect effect, total effect, and the strength of the family distribution network in mediating causality between variables in the full model related to the new concept offered in this study to improve marketing performance. The direct effect is nothing but the coefficients of all coefficient lines with arrows at one end. An indirect effect is an effect that arises through an intermediate variable. The total effect is the effect of various relationships (Ferdinand, 2014).

The magnitude of the effect of exogenous variables on endogenous variables can be determined by analyzing the direct effect, indirect effect, and total effect. Testing the above model in this study shows a direct effect, an indirect effect, and a total effect. Based on the results of the

coefficients from the structural equation modeling (SEM) from the results of this study, it shows a direct, indirect, and total effect (Table 3).

**Table 3.** Analysis of Direct Effects, Indirect Effects, Total Effects

Variable	Direct Effect		Indirect Effect		Total Effect	
	The Power of the Family Distribution Network	Marketing Performance	The Power of the Family Distribution Network	Marketing Performance	The Power of the Family Distribution Network	Marketing Performance
Business Network Accessibility	0.285**	0.227 <sup>n</sup>	-	0.037	0.285	0.291
Customer Relationship Management Capability	0.244**	0.035**	-	0.049	0.244	0.089
Value Co-Creation in Business	0.181**	0.008 <sup>n</sup>	-	0.023	0.181	0.049
Network Power Family Distribution	-	0.222 <sup>n</sup>	-	-	-	0.222

\*\* Significant at 5%; <sup>n</sup>= not significant.

Table 3 shows that there is an indirect effect of each construct on a particular construct. The indirect effect of Business Network Accessibility on Marketing Performance is 0.037. The indirect effect of Customer Relationship Management Capability on Marketing Performance is 0.049, while the indirect effect of Joint Value Creation in Business on Marketing Performance is 0.023. The calculation results also reveal the total effect of each construct on a particular construct. The total effect of business network accessibility on The Power of the Family Distribution Network is 0.285, and the total effect of customer relationship management capabilities on The Power of the Family Distribution Network is 0.244. The total effect of creating shared value in business on The Power of the Family Distribution Network is 0.181, and the total effect of business network accessibility on Marketing Performance is 0.291. For the total effect of customer relationship management capabilities on Marketing Performance is 0.089, and the total effect of value creation together in business towards Marketing Performance of 0.049. Finally, the total influence of The Power of the Family Distribution Network on Marketing Performance is 0.222.

In general, the findings support some of the previous findings. Wang and Feng (2012) stated that the ability of customer relationship management is very strong leading to an increase in Marketing Performance (H1). The results are related to the results of testing the second hypothesis which shows the influence of customer relationship management abilities in family distribution networks (FDN), the results of the study are supported by research conducted by Sarner et al. (2011).

In testing the third hypothesis, the results show that the hypothesis which states that the higher the accessibility of the business network, the higher The Power of the Family Distribution Network is empirically proven and acceptable at an alpha significance level of 5%. This is supported by research conducted by (Zhao & Aram, 1995) which states that business network accessibility is defined as a medium for company owners to access resources they do not have in a cost-effective manner that affects business success.

The results of testing the fourth hypothesis which states that the higher the level of shared value creation in the business, the higher The Power of the Family Distribution Network is empirically proven and acceptable at a significance level of 5%. This study is supported by research conducted by researchers who state that value co-creation during the process of interaction between companies and customers (Grönroos, 2000; Vargo & Lusch, 2004).

Based on the test results, the fifth hypothesis which states that the higher The Power of the Family Distribution Network, the higher the Marketing Performance, is empirically proven and acceptable at an alpha significance level of 10%. This research is supported by several researchers including Corstjens and Doyle (1979) who suggest that while some companies have adopted multiple channel product distribution approaches, others have remained on single channel product distribution.

The results of this study are related to the relationship between business network accessibility (BNA) on Marketing Performance (MP), the results of this study are supported by the results of research conducted by (Florin et al., 2003) stating that networks can provide value to members by letting them access to social resources embedded in the network

Furthermore, with respect to the effect of Shared value creation (VCC) on Marketing Performance (MP), the results of this study are supported by research conducted by (Payne et al., 2008) which argues that the value creation process involving suppliers and customers to create a value proposition, where the customer determines the current value of the goods or services consumed.

## **5. Conclusion**

The results show that there is a total influence of the accessibility of the business network on the strength of the family distribution network, on Marketing Performance. This means that the accessibility of the business network has a positive contribution to The Power of the Family Distribution Network and Marketing Performance. The total influence of The Power of the Family Distribution Network on Marketing Performance means that The Power of the Family Distribution Network has a positive contribution to Marketing Performance.

The results show that the combination of social networking and customer relationship management provides a great opportunity to enrich customer interactions and provides businesses with a way to manage and measure how they use social networks while successfully attracting social customers. However, by implication, some basic strategies that can help organizations better need to utilize social networks as part of their overall customer management strategy.



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