

Sustainable Supply Chain Management and Customer Relationship Management

Subjects: Management

Contributor: Ahmed Attia

Sustainability has become one of the most frequently researched and emphasized topics in supply chain management (SCM) and, in the context of business, refers mostly to the consequences of activities, with the long-term objective of preserving the wellbeing of society, the environment, and the economy. Several businesses, including manufacturing, design, purchasing, and manufacturing, in addition to SCM itself, have engaged in a comprehensive analysis of sustainable progress and the concept of sustainable supply chain management (SSCM) serves this demand. Customer relationship management (CRM) is a comprehensive approach that provides the capability to locate, acquire, manage, and nurture promising customers by establishing and upholding long-term connections with customers.

Keywords: sustainable supply chain management ; customer relationship management ; competitive advantage ; organizational performance

1. Introduction

Nowadays, rapid transformations are occurring in all corporate landscapes and organizations, and the marketplace is characterized by heated competition, economic pressures, short-term market potential, and dynamic changes in consumers ^{[1][2][3][4]}. Therefore, supply chains can no longer be redeployed overnight to acquire, create, transfer, or sell the right things to the right extent and in the right places ^{[5][6]}. A growing number of multinational firms have made the commitment in recent years to only conduct business with companies that maintain environmental and social criteria ^{[7][8]}. These multinational enterprises often demand adherence from their first-tier suppliers, who are then asked to request compliance from their vendors, who should ideally want the same from their supply chain partners ^{[9][10][11]}. Their goal is to establish a chain reaction of sustainable behaviors that seamlessly moves down the supply chain, and sustainable SCM serves this goal. Organizations now realize that to thrive in the face of increased global competition, their supply chains must be managed appropriately.

Customer relationship management (CRM) is one of the most critical drivers in modern companies for a set of effective survival, growth, and development strategies that boost business efficacy, performance, and sustain competitive advantage ^[12]. Competitive advantage (CA) is a component or combination of factors, altogether connected to a system, that, when compared with the different organizations in a competitive marketplace, renders a firm more competent in a way that is not conveniently imitated by those competitors ^{[13][14]}. All organizations have their set of goals, and organizational performance (OP) is evaluated for the comparison of a firm's actual output or outcomes against its goals and objectives ^{[15][16]}. SCM, CA, and CRM altogether contribute to enhancing OP. SCM on global markets has made it feasible to increase CA and improve OP in the distribution of products and services to consumers by the development of different innovative methodologies ^[17].

2. Sustainable Supply Chain Management and Customer Relationship Management

2.1. Sustainable Supply Chain Management (SSCM)

Supply chain management (SCM), as per ^[18], has been defined by the Council of Supply Chain Management Professionals (CSCMP) in 2004 as the planning and organization of all sources and procurement operations, manufacturing techniques, as well as all logistics monitoring operations, including working with suppliers, intermediaries, outside service providers, and consumers. SCM is the management component responsible for controlling and coordinating the operations of an organization from the upstream to the downstream ^{[19][20][21]} demonstrated that supply chain management strategies are indispensable tools that improve creativity and performance, assist businesses in growing and adapting to environmental changes, and thus aid businesses in overcoming obstacles. SCM aims to organize

and coordinate the sourcing, transportation, and management of materials from a whole systems viewpoint across different functions and many layers of suppliers ^{[19][22][23]}. Thus, supply chain management (SCM) ensures the appropriate goods are available in the right quantity at the appropriate time, location, price, and quality for the right consumer ^[24].

In today's business environment, sustainability has become one of the most frequently researched and emphasized topics in SCM ^{[25][26][27][28]} and, in the context of business, refers mostly to the consequences of activities, with the long-term objective of preserving the wellbeing of society, the environment, and the economy ^{[41][29]}. Several businesses, including manufacturing, design, purchasing, and manufacturing, in addition to SCM itself, have engaged in a comprehensive analysis of sustainable progress ^{[41][29][30]} and the concept of sustainable supply chain management (SSCM) serves this demand. SSCM combines the objectives of corporate social responsibility (CSR) and green supply chain management (GSCM), which enables enterprises to fulfill their financial, environmental, and societal goals on a micro level and eventually improve their impression in the mind of their stakeholders ^[6].

2.2. Customer Relationship Management (CRM)

Customer relationship management (CRM) is a comprehensive approach that provides the capability to locate, acquire, manage, and nurture promising customers by establishing and upholding long-term connections with customers ^{[31][32][33]}. CRM focuses on building, sustaining, and retaining long-term relationships with customers through the utilization of information technology to improve economic efficiency ^{[34][35]}. It helps to strengthen customer retention and relationships in order to demonstrate effectiveness and give a thorough understanding of consumers' unique demands ^{[36][37]}. With the transition to a stage of high customization and tailored service, CRM planning and execution are crucial for the viability of a business ^{[38][39]}. An organization can succeed over time if it can adapt to the continuously changing consumer expectations and eventually develop new products or operating methods ^{[40][41]}. According to ^[40] it is possible to win over customers' loyalty by making significant investments in their long-term relationships with businesses. CRM facilitates consumers' access to the best products and services and a wide range of options and significantly affects how a company manages its whole value chain ^{[44][42]}. CRM is regarded as a kind of green IT as it focuses on digitalization as well as sustainable business model innovation ^{[40][43]} have demonstrated that if CRM is integrated into the decision-making process and SCM practice, it is considered to be effective.

2.3. Competitive Advantage (CA)

Competitive advantage (CA) involves the deployment of a strategic approach not currently being employed by other organizations that enables a decrease in costs, the use of business opportunities, and/or the neutralization of competitive challenges ^[44]. Without a competitive edge, attracting and retaining clients on a sustained basis is practically inconceivable, and without a regular consumer base, the business cannot continuously generate revenues ^[45]. Without adequate revenues, the company cannot fix or replace depreciating assets, develop innovative products and services, or hire and train workers as the company grows or employees leave ^[46]. Furthermore, it cannot restructure systems, implement new work methodologies, or acquire new technology in response to shifting market needs. In other words, the firm would fail eventually without a competitive edge that distinguishes it from its rivals ^[47]. The quality of the product or service plays great importance in ensuring competitive advantage. The concept of competitive advantage recommends that businesses develop policies that always prioritize the production of high-quality goods that can be offered at competitive pricing ^[48]. A firm's competitive advantages produce increased value for the company and its shareholders as a result of particular strengths or situations, for instance, cost advantage and differentiation advantage. The greater the durability of competitive advantage, the more challenging it is for rivals to nullify it. Ref. ^[49] observed that a strong relationship with customers is one of the core competencies of an organization and a potential source of competitive advantage. Nearly all organizations exhibit a strong correlation between a firm's competitive edge and its performance, and these advantages contribute to the success of the business.

2.4. Organizational Performance (OP)

OP is a systematic and structured method for ensuring that all activities inside an organization have an effect on the firm's achievements ^{[50][51]}. Ref. ^[6] illustrated that organizational performance has five dimensions, namely environmental performance, employee-centered social performance, community-centered social performance, operations effectiveness, and competitiveness. OP delivers a variety of advantages by strengthening consumer trust, reputational impact, and the firm's competence or capacity ^{[52][53]}. OP helps to evaluate the strategic planning and organization efforts utilizing internal and external evaluations with a cascade of targets, plans, and strategies to determine strategic gaps ^{[54][55]}. OP aids in establishing a clear insight so that the efficacy of strategies can be determined, and performance outcomes and possibilities may be recognized ^{[1][14][56]}. Thus, the assessment of OP serves to increase the efficacy and utility of pre-

existing framework assessment or to compare various options for designing, developing, executing, and monitoring suggested systems [57][58].

2.5. Relationship between Sustainable Supply Chain Management (SSCM) and Customer Relationship Management (CRM)

As the primary objective of supply chain management is consumer satisfaction [59][60], the consumer is acknowledged as one of the most vital stakeholders in the majority of supply chains [61]. In the modern days of digitalization, consumers increasingly connect with businesses via a plethora of touchpoints across numerous platforms and media, and customer experiences are becoming increasingly social. These developments need the incorporation of multiple business units, as well as external partners, in the development and delivery of great customer experiences. The distribution of products and services from manufacturers to consumers involves the deployment of CRM and supplier relationships, and when coordination between both suppliers and customers is appropriately maintained, the highest quality-stock and product range are guaranteed [15].

Numerous studies have examined how sustainable business practices might improve bonds with customers. Ref. [38] have illustrated that companies using strong SCM strategies are more likely to meet customer needs with appropriate goods and services at competitive prices, which logically leads to better business ties and rapid outcomes. Ref. [62] has illustrated that customer relationships are influenced by different supply chain factors, including firm characteristics, company size, and position as vendors or customers. Ref. [63] illustrated that sustainability concerns in client relationships include the capability to maintain a user base through long-term loyalty and commitment, more environmentally friendly products and services, and a favorable attitude toward, and reputation for, promoting environmentally conscious consumer behavior. The beneficial impact of the components of a system on each facet of sustainability may be augmented by CRM-related advantages [40].

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