European Research Studies Journal
Volume XXVI, Issue 3, 2023

pp. 740-749

Innovation of Enterprises in the West Pomeranian Voivodeship – A Regional Perspective

Submitted 01/08/23, 1st revision 14/08/23, 2nd revision 16/09/23, accepted 30/09/23

Rafał Szymański[1]

Abstract:

Purpose: *This article aims to examine the influence of implementing a CRM (Customer Relationship Management) system on the innovation and competitiveness of micro, small, or medium-sized enterprises. The article formulates the following research hypothesis: "Methodically implemented CRM system adoption positively affects the speed and quality of achieving the organization's innovation and competitiveness indicators." In line with the stated goal and hypothesis, the article addresses the following research question: "What specific actions should an organization undertake to correctly implement a CRM system?"*
Design/Methodology/Approach: *To achieve the specified objective, a critical analysis of relevant literature was employed, along with an observational method supported by argumentation that bolstered generalized theses. Additionally, methods of induction and deduction, comparisons and generalizations, as well as synthesis, were utilized. Subsequently, research was conducted using the Computer Assisted Web Interview (CAWI) method and in-depth research employing the Delphi method, which is a tool for structuring group communication processes.*
Findings: *The deliberations led to the identification of key actions required for the successful implementation of a CRM system.*
Practical Implications: *The issues presented in the article emphasize the need for micro, small, and medium-sized enterprises to adopt a methodical approach when implementing CRM systems.*
Originality Value: *This article presents the outcomes of original desk research. The topic addressed had not previously been discussed in international forums.*

Keywords: *Innovation, competitiveness, regional economy, CRM (Customer Relationship Management), customer relationship management.*

JEL classification: *L31, L38, M19, M21, R11, R19, R58.*

Paper type: *Research article.*

Acknowledgments*: The project is financed within the framework of the program of the Minister of Science and Higher Education under the name "Regional Excellence Initiative" in the years 2019-2022; project number 001/RID/2018/19; the amount of financing PLN 10,684,000.00.*

[1]*PhD, Assistant Professor at the Department of Tourism and Spatial Organization, Institute of Spatial Management and Socio-Economic Geography, Faculty of Economics, Finance and Management, University of Szczecin, rafal.szymanski@usz.edu.pl;*

1. Introduction

For a company to maintain a strong position in the market, it is crucial to operate in a modern manner, which involves continuous investment in innovative solutions. Such actions result in the strengthening of the competitive position of economic entities in the market. Innovative solutions can encompass various aspects, including product quality, technological innovation, customer service, pricing strategies, promotional and distribution methods, or other factors affecting a company's efficiency.

One of the directions for investing in innovative solutions is the reinforcement of its IT capabilities, particularly in supporting stakeholder relationship management. Such solutions enable a unique approach to business partners, which, in the context of significant market competition, can define a company's strength and set it apart from others.

The growth of a company depends, among other things, on the adoption of innovative solutions, which can lead to the introduction of products and services well-perceived by customers into the market. Customer satisfaction, in turn, contributes to strengthening relationships, leading to a better understanding by the producer of the expectations of their buyers.

2. Literature Review

Competing businesses and their ability to maintain a presence in the market, according to Stankiewicz (2002), can be considered a form of success. Therefore, the search for sources of competitiveness is, in essence, a quest for sources of success. Peters andWaterman Jr. (1992) approached this issue in a similar manner. They analyzed the sources of success for American companies and concluded that these sources are primarily based on soft resources, though they are closely linked to hard resources. They believe that the sources of a company's success can be found in:

- Understanding a company's activities as its way of life.
- Treating the customer as the main source of revenue and, therefore, maximizing efforts to satisfy the customer.
- Influencing employees in a way that makes them feel the need for grassroots innovation and entrepreneurship.
- Respecting individuality within the company while maintaining a balance between individual freedom and the organization's regime of activities.
- Simplifying structures and procedures.
- Focusing on proven directions of action - diversifying into unfamiliar domains is considered a source of numerous risks according to Quinn, Doorley, and Paquette (1990).
- Creating norms that unite employees, making them treat the company as their own and driving them to strive for its success.

Similarly, Grzywacz (2000) holds the view that "knowledge and its derivatives, such as know-how, modern techniques and technology, organization, and management systems, access to information with the ability to select and absorb it, and appropriate decision-making utilization, as well as marketing efficiency, play a crucial role in contemporary competitive possibilities and successes." This sentiment is echoed by Gierszewska (2001), who points out that nowadays, most companies gain a competitive advantage through effective knowledge management.

In the context of this article's theme, it is worth noting Peters' (1985) opinion. He emphasizes, among the mentioned factors, those that influence customer service, continuous innovation, and the utilization of knowledge within individual employees. In later works, he expands the list of competitive advantages to include:

– Global quality of offerings.
– Responsiveness to changing environments.
– Flexibility in a company's actions.
– Pioneering use of technology and information techniques.
– Building networks of stakeholders (both external and internal to the company).
– Continuously adding value to products through additional services in the eyes of customers.
– Ongoing skill development.
– Implementing and continuously improving innovations.
– Building large companies based on small (as autonomous as possible), specialized units.
– Outsourcing a significant portion of activities to external companies.
– Leveraging the benefits of globalization.

A different approach to the sources of a company's success is presented by E. Mączyńska. Through the concept of the "Four Harvard Principles," she indicates that for a company's offerings to lead to success, they must:

– Be attractive to customers.
– Fulfill existing demand.
– Ensure a satisfying level of profit for all stakeholders through product pricing.
– Offer attractive pricing to buyers themselves.

The sources of success, or alternatively, sources of competitive advantages, change depending on the company's nature and its environment. From the perspective of the topic addressed in this article, the "Four Harvard Principles" appear to be crucial. Their fulfillment can be conditioned by the proper functioning of a stakeholder relationship management system.

Speaking of such a system, in the literature, the author has come across the concept of a firm's architecture, which Kay (1996) defines as a "network of relative contracts within or around the company." Kay divides this architecture into internal and external: the former establishes a network of connections between the company's employees, while the latter forms a network of connections between the company and its stakeholders.

In the subject literature, this architecture is considered the third fundamental capability of a company, alongside innovation and reputation. Possessing this capability is a key to success (gaining a competitive advantage). The discussed definitions of innovation and competitiveness, along with related concepts, allow for an attempt to establish the relationship between them.

3. Data and Methods

The author conducted his research based on a literature review related to the topic of customer relationship management. The bibliography contains 36 publications, including scientific articles, books, specialist literature and electronic sources, with the most recent ones from 2017-2022 regardless of their origin.

During the desk research analysis, the author used the following database: Scopus and Web of Science. The author used these databases because of the ability to access them through their accounts and to enable the preparation of a complete literature list for the article.

All publications were analyzed in the Web of Science and Scopus databases. The order of words used to select articles is: “innovation”, “competitiveness”, “regional economy”, “CRM”, “customer relationship management”.

As part of the analysis of the use of CRM (Customer Relationship Management) systems in the West Pomeranian Voivodeship, the authors based their study on a CAWI (Computer Assisted Web Interview) survey, which they supplemented with expert analysis using the Delphi method, which is one of the tools for structuring the group communication process.

In the context of the study under discussion, the Delphi method was employed to obtain an assessment from managers of companies that had implemented CRM systems, pertaining to factors such as the effectiveness of their operation and user attractiveness.

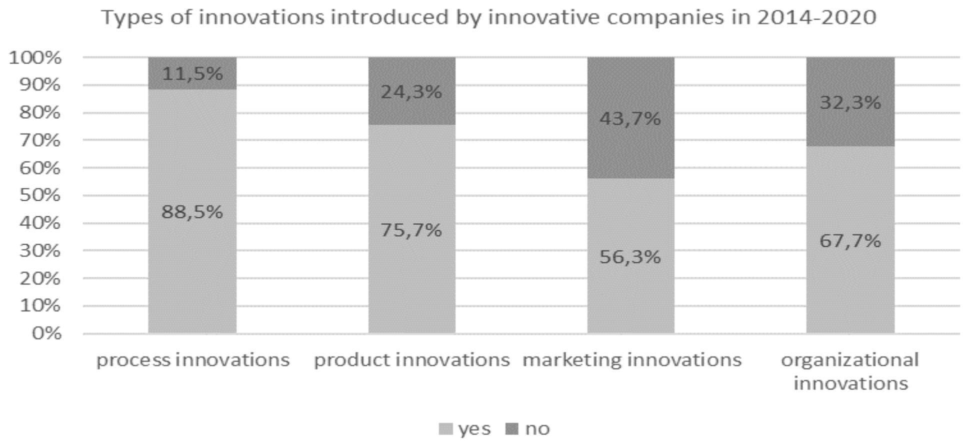
4. Research Results

For a company to remain competitive in the market, it must continuously improve its own architecture and constantly offer new solutions to customers. The latter requirement is closely related to the company's innovation potential. The novelty of offerings is associated with the ability to acquire new technologies, employ new production methods, and create new needs that customers have not yet discovered within themselves. This necessitates the anticipation of changes in technology and technology and the ability to forecast changes in customer behavior in advance.

Therefore, innovation is a necessary condition for achieving competitiveness. This is confirmed by the results of research conducted by the author between 2014 and 2021. The research encompassed selected companies that participated in programs funded under the Regional Operational Program of the West Pomeranian Voivodeship 2014-2020 or in training programs financed from external sources.

Figure 1 illustrates that among these companies, innovations were implemented in four areas: process, product, marketing, and organizational.

Figure 1. *Types of Innovations Implemented by Innovative Companies in the Years 2014-2020*

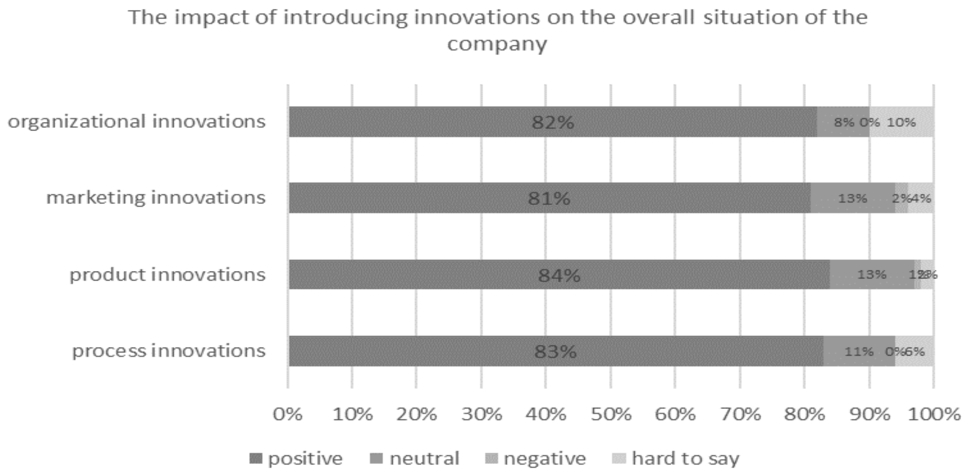


Source: *Own research.*

Among the companies recognized as innovative, more than half were not afraid to implement changes in one of the mentioned areas. In response to the question, "What impact do the innovations introduced into practice have on the company's situation?" over 80% responded that it had a positive impact, with only 1-2% mentioning a negative impact, and that was primarily due to organizational or product innovations (Figure 2).

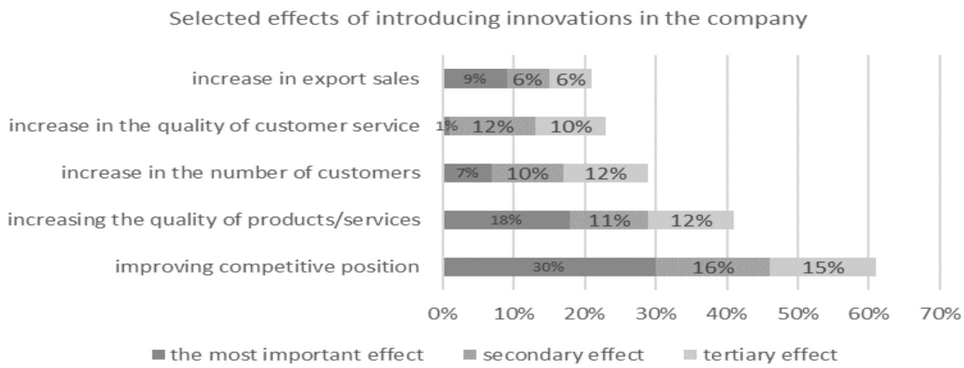
While the previous question aimed to investigate the general attitude of entrepreneurs towards implemented changes, the following question was designed to provide a specific answer regarding the nature of this impact. Companies that clearly indicated positive effects of the innovations introduced were tasked with narrowing down the impact to three out of five selected aspects. Figure 3 illustrates the compilation of responses to the question: "What effects have the innovations introduced in your company brought about?"

Figure 2. *The Impact of Introducing Innovations on the Overall Company Situation*



Source: *Own research.*

Figure 3. *Selected Effects of Introducing Innovations in the Company*

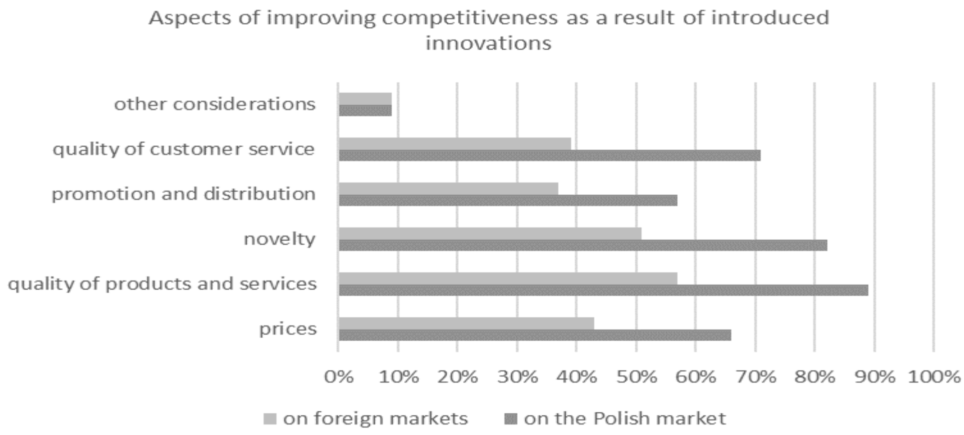


Source: *Own research.*

The responses obtained unequivocally indicate a significant impact of innovation on improving the competitive position of these companies – as many as 30% of them indicated it as the most important effect of their previous efforts, with another 16% and 15% respectively listing it as the second or third in terms of importance.

The relatively low percentage of responses indicating an improvement in customer service quality as one of the effects of innovation (a total of 23% of responses) may raise concerns. However, this does not necessarily mean that companies do not recognize this impact. Responses to the subsequent question, "In what respect is your company more competitive today in the Polish market and foreign markets after the introduction of innovations?" which further specifies the previous question, are illustrated in Figure 4.

Figure 4. *Aspects of Improved Competitiveness Due to the Introduction of Innovations*



Source: *Own research.*

The surveyed companies once again emphasized the improvement in the quality of products and services (89% of responses). They also significantly highlighted innovation (82%), and a substantial 71% assessed the enhancement of competitiveness through improved customer service quality[2]. All these responses are encouraging as they indicate that innovative changes in products (services) and their manufacturing processes lead to an increase in quality or a reduction in costs.

5. Summary and Discussion

According to the definition of innovation, it follows that the improvement effect has been achieved by the innovator ahead of competitors. Consequently, their competitive position, and thus competitiveness, is higher. The obtained responses paint a satisfactory picture of entrepreneurs' approach, perhaps not entirely conscious, to customers.

The increase in the quality of products or services results in reduced usage costs (e.g., lower energy consumption) or shorter customer service time. This enhances the innovator's competitiveness in several ways: firstly, it increases demand for their

[2]The alarmingly low percentage of companies indicating the impact of implemented innovations on improving their competitiveness in foreign markets can be attributed, in the author's view, to both the relatively low level of innovation implementation compared to other countries and their limited presence in international markets.

products or services, as customers switch from competitors. Secondly, assuming fixed operating costs for the company and increased sales (even at a constant price, despite innovative solutions), profitability and total surplus growth occur. Thirdly, shorter service times or fewer complaints allow for the satisfaction of the needs of a greater number of customers.

Innovations that lead to a reduction in the unit direct costs of product manufacturing (which can include both product and process innovations) or reduce fixed costs in the company (e.g., organizational innovations) can also increase a company's competitiveness. In the short term, this might manifest as a reduction in product prices to maintain the same level of sales profitability.

This could signal increased attractiveness to customers, potentially leading to increased sales and, consequently, an increase in the surplus of revenue over costs. In the long term, according to Boggs (2022), improving competitiveness can result in stronger market positioning, allowing the company to acquire external financing sources at lower costs.

6. Final Remarks and Recommendations

In summary, innovations form the basis for a company to gain a competitive advantage. However, maintaining this advantage requires continuous improvement of innovations from both a technological perspective and in terms of customer perception (product features and delivery methods must fully satisfy customers).

The relationship between innovation and competitiveness is mutual. As long as a product and its improvements provide a source of competitive advantage for a company, it is justified to introduce new (innovative) versions of it to the market.

One of the sources of knowledge in contemporary businesses is their stakeholders, making it essential to gather information about their behaviors and preferences to enhance competitiveness. An intelligent organization considers a broader range of external partners (stakeholders), including not only customers, suppliers, cooperators, and the natural environment but, according to Czerniachowicz (2003), also competitors.

As Rosa (2002) notes, "an important requirement for marketing is the continuous study and analysis of trends and changes in consumer buying behavior." However, as emphasized by Rutka and Czerska (2002), organizations must know "how to want and be able to" acquire knowledge from research.

In conclusion, the author recommends that companies planning to implement a CRM system should undergo proper pre-implementation preparations and then carry out the implementation with the involvement of an experienced team. This team should consist not only of the organization's own human resources but also, according to the author, experienced external advisors in the industry. This approach will result in a better implementation outcome, based on the experiences of other organizations, and thus minimize implementation risks. Ultimately, this will enable micro, small, or medium-sized companies to achieve the desired indicators of innovation and competitiveness more quickly and effectively.

References:

Adamska, M. 2016. The Role of Sales Staff in Customer Relationship Management. Research Results in Small and Medium-sized Enterprises in the Opolskie Voivodeship. Regional Barometer, 14(4).

Bai, F., Qin, Y. 2016. The Implementation of Relationship Marketing and CRM: How to Become a Customer-Focused Organization. Journal of Business & Economic Policy, 3(2).

Berry, L.L. 1983. Relationship Marketing. In: Leonard L. Berry, G. Lynn Shostack & Gregory Upah (Eds.), Emerging Perspectives on Services Marketing, 25-28. Chicago, IL: American Marketing Association.

Berry, L.L. 1997. Relationship Marketing. In: A. Payne, M. Christopher, M. Clark, H. Peck: Relationship Marketing for Competitive Advantage, 65-73. Oxford: Winning and Keeping Customers, Butterworth-Heinemann.

Biesok, G. 2013. Trust as a Factor of Employee Satisfaction. Scientific Papers. Organization and Management, 1146(51).

Bokszański, A., Deluga, W., Wallis, A. 2010. Information Systems in Customer Relationship Management. Problems of Management, Finance, and Marketing.

Boggs, K.U. 2022. Interpersonal Relationships: Professional Communication Skills for Nurses, 9th ed.

Brink, A., Berndt, A. 2008. Relationship Marketing and Customer Relationship Management. New York: Juta Academic.

Buchwald, T., Guzewski, T. 2014. Customer Relationship Management System in an International Company. Progress in Economic Sciences.

Burnett, K. 2002. Relationships with Key Customers. Krakow: Economic Publishing House.

Cătoiu, I., Ţichindelean, M. 2012. Relationship Marketing – Theoretical Consideration. Annales Universitatis Apulensis Series Oeconomica, 14(2).

Chomiak-Orsa, I. 2014. Measuring Relational Capital in Knowledge-Based Organizations.

Danielak, W. 2015. Customer Relationship Management from the Perspective of Building Relational Capital.

Doyle, P. 2002. Marketing Management and Strategy (3rd ed.). London: Prentice Hall International.

Gierszewska, G. 2001. Company Strategy and Human Resources Management. Poltext, Warsaw.

Grzywacz, W. 2000. Competitiveness of the Polish Economy.

Gul, R. 2014. The Relationship between Reputation, Customer Satisfaction, Trust, and Loyalty. Journal of Public Administration and Governance, 4(3).

Jemaa, A.M.B., Tournois, N. 2014. Relationship Marketing Key Concepts as Relationship Value Determinants.

Kanki, B.G., Anca, J., Chidester, T.R. (Eds). 2019. Crew Resource Management (3rd ed.). ISBN: 9780128129951.

Kotler, Ph., Armstrong, G., Saunders, J., Wong, V. 2002. Marketing: A European Handbook. Warsaw: Polish Economic Publishing.

Kowalska-Musiał, M. 2015. Methodological Approach to Relationship Morphology in the New Economy.

Kwiecień, A. 2017. The Importance of Relationships for Creating Value and Success in Companies.

Leninkumar, V. 2017. The Relationship between Customer Satisfaction and Customer Trust on Customer Loyalty.

Kuksa, I., Fisher, T., Kent, A. 2022. Understanding Personalization: New Aspects of Design and Consumption (1st ed.).

Lewicka, D., Zakrzewska-Bielawska, A. 2015. The Role of Trust in a Relationship-Oriented Company.

Miszczak, M. 2016. Building Trust in Customer Relationships through CSR Practices.

Peters, T.J., Austin, N.K. 1985. A Passion for Excellence. The Leadership Difference. Random House, New York.

Quinn, J.B., Doorley, T.L., Paquette, P.C. 1990. Beyond Products: Services-Based Strategy. Harvard Business Review Special Report.

Rosa, G. 2002. Marketing as a Way to Strengthen Competitive Position in the Transport Service Market. Scientific Publishing House of the University of Szczecin, Szczecin.

Rutka, R., Czerska, M. 2002. Conditions for Emotional Integration in Knowledge-Based Organizations, New Directions in Business Management: Integration and Disintegration. Research Papers of the University of Economics in Wrocław, Wrocław.

Srivastava, M. 2012. Customer Relationship Management (CRM): A Technology-Driven Tool.

Stankiewicz, M.J. 2002. Company Competitiveness: Building Company Competitiveness in the Era of Globalization. Dom Organizatora Publishing House, Toruń.

Waterman, Jr. R.H., Peters, T.J., Phillips, J.R. 1992. The 7-S Framework. Prentice-Hall International, Inc., Englewood Cliffs, New Jersey.

Yakuel, P. 2017. 7 Top CRM Trends for 2017: A Look Ahead.

Zielinski, M. 2014. Power in Business Relationships. Economic Studies, University of Economics in Katowice, Relationship Management in Business. Contemporary Challenges.

Zimmerman, A. 2010. Effective Building of Customer Relationships as a Guarantee of Success. In: E. Skrzypek (Ed.), Proceedings of the National Scientific Conference: The Customer as a Determinant of Organization Success, May 6-7, Lublin.