Scale development and construct validity of Organizational Capital in Customer Relationship Management context: A Confirmatory Factor Analysis Approach

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Abstract

Effective usage and implementation of Customer Relationship Management or Information Technology requires some prerequisite organizational commitments and changes. Improving and deploying the organizational resources such as top management support, employee training which are collectively pursued under the umbrella term i.e., Organizational Capital appears to be one of important transformations that organizations need to undertake. Organizational Capital is one of the key determinants in improving the results from CRM implementations. This paper proposes Organizational Capital as a multidimensional construct. Further, this paper attempts to develop a scale for measuring the Organizational Capital and test its factorial validity through Confirmatory Factor Analysis (CFA). To test the proposed theoretical model, primary data was used which was generated through a survey of some selected pharmaceutical companies in India. The data was analyzed using Exploratory Factor Analysis (EFA) and subsequently Confirmatory Factor Analysis. The results demonstrated that CFA of Organizational Capital showed an acceptable fit to the data and this construct is best represented by three constituent elements i.e., Employee Training, Customer Centric Management system (CMS), and Customer Relationship Orientation in current research context. This scale may be used in future research for measurement of this construct as a whole with contextual validity check. Further, implications for theory and practitioners are presented.

Keywords: Organizational Capital, CRM, Management support, CFA.

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