








“Social customer relationship management and customer lifecycle value in banking: The mediating and moderating roles of engagement”

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SOCIAL CUSTOMER RELATIONSHIP MANAGEMENT AND CUSTOMER LIFECYCLE VALUE IN BANKING: THE MEDIATING AND MODERATING ROLES OF ENGAGEMENT

Abstract

This study aims to examine how social customer relationship management influences customer lifetime value through the mediating and moderating roles of employee and customer engagement. The research focuses on Vietnam's banking sector, including state-owned, private joint-stock, and foreign-owned banks. Data were collected through a structured survey targeting 282 bank employees from key departments such as customer service, marketing, and business development, who were selected based on their direct experience with social customer relationship management tools. Results from the Structural Equation Modeling analysis indicate that social customer relationship management significantly enhances customer acquisition ($\beta = 0.162, p = 0.010$), retention ($\beta = 0.237, p = 0.000$), and expansion ($\beta = 0.251, p = 0.000$). Employee engagement acts as both a mediator and moderator, with the strongest moderating effect observed on customer expansion ($\beta = 0.135, p = 0.003$). In contrast, customer engagement mediates retention and expansion but does not moderate the relationships. These findings highlight the critical role of employee engagement in maximizing the effectiveness of social customer relationship management strategies and emphasize the importance of engagement-focused initiatives for long-term success in the banking sector.

Keywords

SCRM, customer acquisition, customer retention,
customer expansion, employee engagement, customer
engagement, banking sector

JEL Classification

M12, M31, G21

INTRODUCTION

The rapid adoption of social customer relationship management (SCRM) has fundamentally transformed how businesses engage with their customers, especially in industries where customer loyalty and engagement are crucial, such as banking. By integrating social media platforms with traditional customer relationship management systems, SCRM enables personalized, real-time customer interactions. This integration not only aligns with the expectations of digitally savvy consumers but also strengthens customer relationships, directly enhancing customer lifetime value (CLV) – a key metric comprising customer acquisition, retention, and expansion.

In the banking sector, customer engagement – the emotional and cognitive involvement of customers with a brand – plays a critical role in fostering loyalty and sustaining long-term relationships. Similarly, employee engagement, defined as employees' proactive involvement in their work, is essential for effectively leveraging SCRM tools. Engaged

employees are better positioned to utilize these tools to enhance acquisition, retention, and expansion efforts. Despite the recognized significance of SCRM, there remains a lack of in-depth understanding of its influence on CLV through the combined roles of employee and customer engagement, particularly in emerging economies like Vietnam.

Vietnam's banking sector offers a unique and timely context for this research due to its ongoing digital transformation and the competitive landscape requiring banks to adapt to evolving customer preferences. While prior studies have highlighted the influence of SCRM on customer satisfaction and loyalty, its direct and indirect effects on customer lifetime value – mediated and moderated by engagement factors – remain underexplored. Addressing these gaps is essential to advancing theoretical understanding and providing actionable insights for the banking industry.

Therefore, this study investigates the impact of SCRM on CLV in Vietnam's banking sector, focusing on its effects on customer acquisition, retention, and expansion. Furthermore, it examines the mediating and moderating roles of employee and customer engagement in these relationships. By addressing these gaps, the study contributes both theoretical insights and practical recommendations for optimizing SCRM strategies in emerging markets.

1. LITERATURE REVIEW

This section reviews relevant literature to conceptualize social customer relationship management and customer lifetime value, and to examine the theoretical links between SCRM, employee engagement, customer engagement, and CLV in the banking context.

To begin with, SCRM is a sophisticated extension of traditional CRM that integrates social media to enable real-time, personalized customer interactions (Trainor et al., 2014). By leveraging social data, SCRM enhances customer satisfaction and loyalty through customized experiences (Dewnarain et al., 2019). The Resource-Based View (RBV) conceptualizes SCRM as a strategic resource that offers firms competitive advantages by creating valuable, rare, and inimitable assets (Barney, 1991; Gräser et al., 2023; Yawised et al., 2017). Complementing RBV, Social Exchange Theory (SET) emphasizes the reciprocal nature of customer-firm relationships, where meaningful interactions foster loyalty and engagement (Choi & Lotz, 2018; Dewnarain et al., 2019). In addition, the Technology Acceptance Model (TAM) explains that adoption of SCRM tools depends on users' perceived ease of use and usefulness, which drives both employee and customer engagement (Davis, 1989; Rauniar et al., 2014).

Although SCRM has been examined across sectors such as retail, hospitality, telecommunications,

and SMEs (Dewnarain et al., 2019; El Mehelmi & Sadek, 2019; Prasetyaningrum et al., 2016; Yawised et al., 2017), its role in banking, particularly in emerging economies like Vietnam, remains underexplored. Given that banking depends heavily on trust and long-term relationships, SCRM holds strong potential. Studies have demonstrated that SCRM improves service responsiveness, loyalty, and retention in banking through real-time feedback mechanisms (Al-Azzam & Khasawneh, 2017; Prasetyaningrum et al., 2016). However, existing literature largely focuses on customer satisfaction and loyalty, neglecting its broader impact on customer lifetime value (CLV), which includes acquisition, retention, and expansion. Addressing this research gap is essential for extending theoretical understanding and offering practical guidance on the strategic use of SCRM in Vietnam's banking sector.

Following this, CLV is a fundamental metric in relationship marketing that estimates the total economic contribution of a customer throughout their engagement with a firm (Buttle & Maklan, 2019). Comprised of acquisition, retention, and expansion, CLV enables banks to prioritize resource allocation, identify profitable segments, and craft targeted strategies for long-term value creation (Berger & Nasr, 1998; Gupta et al., 2006). This metric is particularly strategic in banking, where customer loyalty and extended relationships drive profitability. Recent advances in CLV

modeling have improved predictive accuracy and strategic relevance. For example, Cowan et al. (2023) employed machine learning techniques to enhance prediction models in UK retail banking, resulting in a 43% improvement over traditional methods. Channa (2019) further proposed an ensemble model that combines customer data from multiple sources to optimize marketing precision. Integrating SCRM with CLV analysis allows banks to anticipate customer needs more effectively and personalize offerings. Ekinici et al. (2014) demonstrated that using social media insights to refine CLV models supports more effective cross-selling and upselling. Similarly, Prasetyaningrum et al. (2016) found that real-time feedback via SCRM tools significantly improved customer retention in Indonesian banks.

Beyond direct revenue, CLV also captures intangible contributions. Méndez-Suárez and Crespo-Tejero (2021) showed that unprofitable customers may enhance brand equity and word-of-mouth, justifying continued engagement. Hasheminejad and Khorrami (2020) highlighted the use of CLV-based clustering to tailor acquisition and retention strategies in Iranian banks. Additionally, Seyedin et al. (2021) found that perceived brand value positively influences CLV. Moro et al. (2015) also confirmed the utility of neural networks for predicting engagement in deposit campaigns. In emerging markets like Vietnam, integrating SCRM with advanced CLV modeling can inform customer-centric strategies and drive sustainable banking growth.

Correspondingly, SCRM plays a critical role in enhancing the three dimensions of CLV: acquisition, retention, and expansion. By integrating social media with traditional CRM systems, SCRM enables firms to collect and analyze large volumes of customer data, facilitating precise targeting and personalized outreach. This capability has been shown to improve customer acquisition, particularly through segment-specific strategies. For example, Alzaydi (2024) emphasized the effectiveness of social media-driven campaigns in attracting new customers, while Gräser et al. (2023) found that firms leveraging SCRM to tailor content for targeted audiences experienced greater success in acquisition efforts. In terms of retention, SCRM supports continuous customer en-

gagement through real-time, personalized communication. It allows firms to respond promptly to customer inquiries, fostering loyalty and satisfaction. Ho et al. (2020) demonstrated that customers interacting with firms via social media reported stronger emotional connections and higher satisfaction levels. Additionally, monitoring customer feedback through social channels provides valuable insights for service improvement, which further enhances retention (Dewnarain et al., 2019). These capabilities are especially vital in the banking sector, where customer loyalty is a major determinant of profitability. SCRM also contributes to customer expansion by enabling firms to identify cross-selling and upselling opportunities using behavioral data. Dewnarain et al. (2021) showed that engaging existing customers through social platforms increased the success of introducing new offerings. Predictive analytics embedded in SCRM systems allow firms to anticipate customer needs and deliver personalized recommendations, thereby enhancing trust and long-term value (Prasetyaningrum et al., 2016). Collectively, these findings confirm that SCRM is instrumental in maximizing CLV by enabling data-driven, personalized, and timely customer engagement strategies that support acquisition, retention, and expansion.

Employee engagement, defined as the emotional and cognitive commitment of employees to their work, plays a pivotal role in the success of SCRM initiatives. Engaged employees are more likely to utilize SCRM tools effectively, contributing to superior customer experiences, higher productivity, and enhanced organizational performance (Awan et al., 2021; Costa & Loureiro, 2019). In service-driven industries such as banking, where trust and loyalty are critical, frontline employees act as key facilitators of SCRM by delivering personalized, responsive interactions that strengthen customer relationships (Ghlichlee & Bayat, 2021). Employee engagement has been shown to influence the relationship between SCRM and CLV in two critical ways: as a moderator and a mediator. As a moderator, it enhances the effectiveness of SCRM strategies when engagement levels are high. Ibrahim et al. (2020) found that in the banking sector, engaged employees were better equipped to translate SCRM capabilities into personalized services, resulting in improved customer satisfac-

tion and retention. This finding is consistent with Social Exchange Theory, which suggests that employees who feel valued by their organizations reciprocate through higher service quality and organizational citizenship behaviors (Cropanzano & Mitchell, 2005). As a mediator, employee engagement explains how SCRM translates into CLV outcomes. Gräser et al. (2023) demonstrated that engaged bank employees effectively leveraged SCRM systems to enhance acquisition, retention, and expansion by proactively addressing customer needs. Their commitment to service excellence enables firms to realize the full potential of SCRM in driving long-term value. In sum, employee engagement is a critical human factor in maximizing the strategic benefits of SCRM. Its dual role as both moderator and mediator underscores the need for banks to foster a supportive environment that empowers employees, enhances engagement, and ensures the effective deployment of SCRM tools toward sustainable customer value.

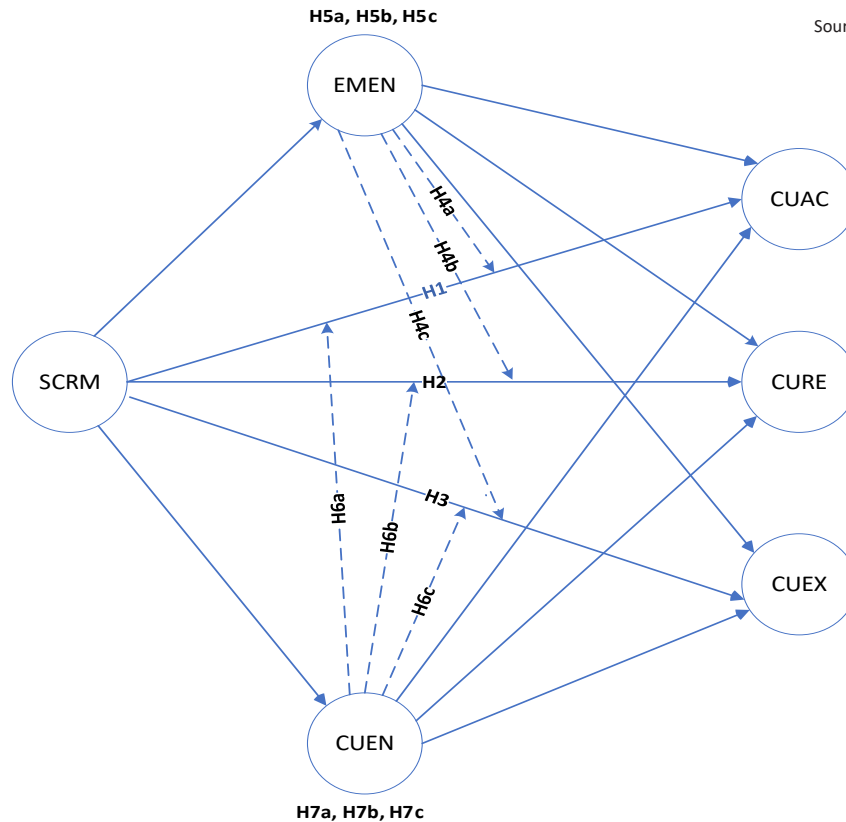
Furthermore, customer engagement refers to the emotional and cognitive involvement that customers maintain with a brand, which motivates them to participate in value co-creation through active and ongoing interactions (Harmeling et al., 2017). Within the framework of SCRM, engagement is fostered through two-way, personalized communication enabled by social media platforms. This dynamic interaction strengthens relational bonds, increases customer satisfaction, and promotes long-term loyalty (Arora et al., 2021; Dewnarain et al., 2021). In banking, where trust and customer longevity are critical, engagement plays a strategic role in enhancing CLV. Ho et al. (2020) demonstrated that banks leveraging SCRM to offer real-time support and personalized recommendations significantly improved customer retention and expansion. Social Identity Theory provides theoretical support for these findings, suggesting that customers who identify strongly with a brand are more likely to remain loyal and advocate for the firm (Tajfel & Turner, 2003). SCRM supports this identification process by enabling ongoing, value-rich interactions that deepen the emotional connection between customer and brand. Customer engagement also functions as both a moderator and a mediator in the relationship between SCRM and CLV. As a moderator, engaged customers are more responsive to targeted communications and

personalized services, which improves acquisition, retention, and expansion outcomes (Arora et al., 2021; Dewnarain et al., 2021). They are also more receptive to upselling and cross-selling initiatives, contributing to long-term profitability. More importantly, engagement serves as a mediating mechanism that transforms SCRM's technological capabilities into meaningful relational outcomes. Arora et al. (2021) showed that engaged customers are more likely to provide feedback, respond positively to tailored offerings, and maintain brand loyalty. Gräser et al. (2023) further emphasized that customer engagement in the banking context strengthens the emotional connection necessary for expansion. Thus, engagement translates data-driven SCRM interactions into sustainable customer relationships, making it a vital factor in maximizing CLV across all stages of the customer journey. In summary, prior studies have established the potential of SCRM in enhancing customer satisfaction and loyalty across various industries. However, limited research has examined its role in driving long-term customer value – particularly through engagement mechanisms – in the context of the banking sector in emerging markets. This underscores the need for a comprehensive model that integrates both employee and customer engagement as pathways linking SCRM to CLV.

Based on the reviewed literature, it is evident that while prior studies have extensively examined the role of SCRM in enhancing customer satisfaction and loyalty, limited research has investigated how SCRM drives specific components of customer lifetime value – namely, acquisition, retention, and expansion – particularly within the banking sector of emerging markets. Furthermore, the dual roles of employee engagement and customer engagement as both mediators and moderators in these relationships remain underexplored. This study addresses these critical gaps by integrating three theoretical perspectives – Resource-Based View, Social Exchange Theory, and Social Identity Theory – to build a comprehensive conceptual model. Based on the reviewed literature and the characteristics of the Vietnamese banking sector, the following hypotheses are proposed:

H1: SCRM positively influences customer acquisition.

- H2: SCRM positively influences customer retention.
- H3: SCRM positively influences customer expansion.
- H4a: Employee engagement moderates the relationship between SCRM and customer acquisition.
- H4b: Employee engagement moderates the relationship between SCRM and customer retention.
- H4c: Employee engagement moderates the relationship between SCRM and customer expansion.
- H5a: Employee engagement mediates the relationship between SCRM and customer acquisition.
- H5b: Employee engagement mediates the relationship between SCRM and customer retention.
- H5c: Employee engagement mediates the relationship between SCRM and customer expansion.
- H6a: Customer engagement moderates the relationship between SCRM and customer acquisition.
- H6b: Customer engagement moderates the relationship between SCRM and customer retention.
- H6c: Customer engagement moderates the relationship between SCRM and customer expansion.
- H7a: Customer engagement mediates the relationship between SCRM and customer acquisition.
- H7b: Customer engagement mediates the relationship between SCRM and customer retention.
- H7c: Customer engagement mediates the relationship between SCRM and customer expansion.



Source: Author's study.

Figure 1. Conceptual framework

As illustrated in Figure 1, the proposed model examines the direct impact of SCRM on customer acquisition, retention, and expansion, while simultaneously investigating the mediating and moderating roles of employee and customer engagement. By integrating both internal (employee) and external (customer) engagement mechanisms, the framework offers a more comprehensive understanding of how SCRM drives long-term customer value. Accordingly, the model contributes theoretically to theory by clarifying the dual mediating and moderating roles of engagement in the SCRM and CLV relationship. It also provides actionable insights for banks seeking to enhance customer value through integrated digital and human-centered engagement strategies.

2. METHODOLOGY

In this section, the study will provide the measurement scales used in the theoretical model, the characteristics of the sample, and the data collection procedure.

The survey commenced with a brief introduction, followed by a section gathering demographic information specifically from respondents in the banking sector. To ensure content validity and measurement reliability, multi-item scales were adapted from previously validated instruments, with minor contextual modifications to suit the Vietnamese banking environment. The questionnaire was reviewed by two CRM experts to confirm the clarity, relevance, and appropriateness of the items. All participants were informed that their participation was voluntary, and they could choose not to participate if they did not agree with the study. Survey responses were used exclusively for academic research purposes and were not shared for any other use.

The measurement scales were sourced from various studies: SCRM value items were drawn from Trainor et al. (2014) and Wang and Kim (2017); employee engagement items from Ababneh et al. (2019); customer engagement from Harmeling et al. (2017); and customer acquisition and expansion items from Kantorová and Bachmann (2018) and Ibrahim et al. (2020). Lastly, customer retention items were based on Alshurideh et

al. (2023) and Dewnarain et al. (2021). Each of the five sections applied a five-point Likert scale, with options ranging from “strongly disagree” (1) to “strongly agree” (5), to accurately capture respondents’ attitudes and perceptions.

This study investigates the effects of SCRM on customer acquisition, retention, and expansion in Vietnamese banks, focusing on the moderating and mediating roles of employee and customer engagement. Data were collected in September 2024 across banking institutions operating in Vietnam, ensuring that the findings reflect recent CRM practices in the banking landscape.

Recognizing the critical role of employees in influencing CRM success, data collection targeted banking professionals across various departments and job functions within the banking sector, ensuring diverse perspectives on CRM use and effectiveness. Research emphasizes the importance of gathering data from industry professionals to obtain accurate insights into CRM’s impact on service quality and client relationships, especially as employee perceptions and attitudes significantly shape CRM practices (Rootman et al., 2008; Sultana et al., 2022).

The survey was conducted via Google Forms, allowing broad participation from employees who actively engage with digital and social CRM tools. A screening question was included to ensure that only respondents with direct experience using SCRM could complete the questionnaire. To maintain data quality, responses showing signs of inattentive answering – such as straight-lining or inconsistent patterns – were excluded from the analysis. As a result, 282 valid responses were retained. Such targeted sampling is consistent with best practices in CRM research, where the knowledgeability and experience of bank employees are recognized as key determinants of CRM’s success in building effective customer relationships (Alsmadi & Alnawas, 2011). This approach also aligns with empirical findings highlighting the importance of employee-driven CRM practices in enhancing customer satisfaction and loyalty, critical factors for CRM effectiveness in the banking sector (Hanaysha & Mehmood, 2022; Vidya & Shanthi, 2021).

Table 1. Research sample

Source: Author's study.

Category		n	%
Gender	Male	82	29.1
	Female	200	70.9
Bank	Foreign-owned Banks	88	31.2
	Private Joint-stock Commercial Banks	115	40.8
	State-owned Commercial Banks	79	28.0
Department	Customer Service Department	25	8.9
	Business and Customer Development Department	90	31.9
	Marketing Department	88	31.2
	Credit Department	55	19.5
	Other	24	8.5
Work experience	Less than 1 year	31	11.0
	From 1 to 5 years	77	27.3
	From 5 to 10 years	59	20.9
	Over 10 years	115	40.8
Position (Job Title)	Staff/Specialist	217	77.0
	Deputy Head/ Middle Manager	46	16.3
	Department Head/Branch Director	19	6.7

Note: n = 282.

The structure of the research sample, as outlined in Table 1, offers key insights into the characteristics of the participants. The sample is predominantly female, with women making up 70.9% of respondents, while men account for 29.1%. Participants are employed across different banking institutions, with 40.8% working in private joint-stock commercial banks, 31.2% in foreign-owned banks, and 28.0% in state-owned commercial banks. This distribution reflects a strong presence of employees from the private sector within the banking industry. In terms of departmental distribution, 31.9% of participants work in the Business and Customer Development Department, and 31.2% are from the Marketing Department, highlighting the significant roles of these departments. The Credit Department accounts for 19.5% of respondents, and the Customer Service Department comprises 8.9%. Additionally, 8.5% of participants belong to other departments, indicating a diverse range of job functions within the sample.

Regarding work experience, the largest portion of respondents (40.8%) have over 10 years of service, signaling that a significant number of participants are seasoned professionals. Meanwhile, 27.3% have work experience from 1 to 5 years, and 20.9% have worked from 5 to 10 years. Only 11.0% of respondents have less than 1 year of experience,

providing insight into the presence of early-career professionals in the sample. In terms of job position, most respondents (77.0%) hold staff or specialist roles, while 16.3% are deputy heads or middle managers, and 6.7% occupy senior leadership positions, such as department heads or branch directors. This indicates that most participants work in non-managerial roles, though there is a notable presence of managerial staff in the sample.

This analysis of the sample structure provides a comprehensive understanding of the professional and occupational characteristics of the respondents, with a strong representation of experienced female employees in the private banking sector.

3. RESULTS AND DISCUSSION

For this study, statistical analyses were performed using Excel software and SmartPLS 4.0. Regarding the use of the PLS-SEM statistical technique, the first step involves analyzing the measurement model (Sarstedt et al., 2021).

Table 2 provides critical insights into the measurement model's reliability and validity. Firstly, all measurement items show outer loadings above 0.7, indicating high indicator reliability. According to Sarstedt et al. (2021), outer loadings greater than 0.7 indicate that the indicators strongly represent their constructs. Secondly, Cronbach's Alpha (α) and Composite Reliability (CR) values for all constructs range from 0.809 to 0.934, surpassing the threshold of 0.7. This indicates a high level of internal consistency reliability, aligning with the recommendations of Sarstedt et al. (2021). Furthermore, the average variance extracted (AVE) values exceed the 0.5 threshold, showing that each construct explains over 50% of the variance in its items, thus confirming convergent validity. This finding is consistent with the standard proposed by Sarstedt et al. (2021), where AVE values greater than 0.5 support the adequacy of convergent validity. Lastly, the variance inflation factor (VIF) values range between 1.636 and 2.907, which are below the threshold of 3.3, indicating that multicollinearity is not a concern. Sarstedt et al. (2021) suggest that VIF values below 3.3 are acceptable and do not pose issues of collinearity, ensuring the stability and reliability of the model

Table 2. Outer loadings, Cronbach’s Alpha, CR, and AVE

Source: Author’s study.

Constructs	No.	Outer loadings	VIF	CA	CR	AVE
Social CRM (SCRM)	SCRM1	0.854	2.07	0.851	0.899	0.691
	SCRM2	0.844	2.067			
	SCRM3	0.858	2.181			
	SCRM4	0.767	1.636			
Employee Engagement (EMEN)	EMEN1	0.85	1.736	0.809	0.886	0.723
	EMEN2	0.873	1.797			
	EMEN3	0.826	1.758			
Customer Engagement (CUEN)	CUEN1	0.884	2.434	0.873	0.913	0.724
	CUEN2	0.893	2.827			
	CUEN3	0.841	2.177			
	CUEN4	0.782	1.7			
Customer Acquisition (CUAC)	CUAC1	0.879	2.811	0.906	0.934	0.78
	CUAC2	0.875	2.752			
	CUAC3	0.901	2.907			
	CUAC4	0.878	2.689			
Customer Retention (CURE)	CURE1	0.881	2.24	0.88	0.926	0.806
	CURE2	0.913	2.729			
	CURE3	0.9	2.464			
Customer Expansion (CUEX)	CUEX1	0.811	2.173	0.853	0.901	0.694
	CUEX2	0.862	2.449			
	CUEX3	0.834	2.213			
	CUEX4	0.825	2.161			

Note: Average variance extracted (AVE); Cronbach’s alpha (CA); Composite reliability (CR).

estimates. Overall, the results in Table 2 confirm that the measurement model has good reliability and validity.

Table 3 presents the results of a discriminant validity assessment using the HTMT, a method used to determine if the constructs in a model are sufficiently distinct from one another. According to the guidelines proposed by Henseler et al. (2015), HTMT values below 0.85 suggest adequate discriminant validity. This threshold helps ensure that the constructs are not too similar and measure distinct theoretical concepts.

Table 3. Discriminant validity assessment using the heterotrait-monotrait ratio (HTMT)

Source: Author’s study.

Constructs	CUAC	CUEN	CUEX	CURE	EMEN	SCRM
CUAC	–	–	–	–	–	–
CUEN	0.190	–	–	–	–	–
CUEX	0.631	0.427	–	–	–	–
CURE	0.705	0.255	0.664	–	–	–
EMEN	0.266	0.135	0.490	0.252	–	–
SCRM	0.266	0.183	0.460	0.357	0.274	–

In Table 4, the VIF values of CUAC, CUEN, CUEX, CURE, EMEN, SCRM, EMENxSCRM,

and CUENxSCRM are below the threshold of 3.3, indicating that the proposed research model can be considered free from CMB. According to Kock and Lynn (2012), VIF values below 3.3 provide empirical support for the absence of bias in models based on self-reported data.

Table 4. Collinearity variance inflation factors (VIFs) test

Source: Author’s study.

Constructs	CUAC	CUEN	CUEX	CURE	EMEN
CUEN	1.037	–	1.037	1.037	–
EMEN	1.081	–	1.081	1.081	–
SCRM	1.105	1.000	1.105	1.105	1.000
EMEN x SCRM	1.035	–	1.035	1.035	–
CUEN x SCRM	1.028	–	1.028	1.028	–

This study tested several hypotheses to understand the role of SCRM in customer acquisition, retention, and expansion in the banking sector. The findings, summarized in Table 5, highlight the significant effects of SCRM, as well as the mediating and moderating roles of employee and customer engagement in these relationships.

Table 5. Hypothesis testing

Source: Author's study.

Hypothesis	Path coefficient	Standard deviation	T statistics	P values	Results
Direct effects					
H1: SCRM → CUAC	0.162	0.063	2.580	0.010**	Supported
H2: SCRM → CURE	0.237	0.058	4.111	0.000*	Supported
H3: SCRM → CUEX	0.251	0.048	5.240	0.000*	Supported
Indirect effects					
H5a: SCRM → EMEN → CUAC	0.039	0.018	2.220	0.026*	Supported
H5b: SCRM → EMEN → CURE	0.029	0.017	1.699	0.089**	Supported
H5c: SCRM → EMEN → CUEX	0.069	0.022	3.187	0.001*	Supported
H7a: SCRM → CUEN → CUAC	0.018	0.012	1.427	0.154	Rejected
H7b: SCRM → CUEN → CURE	0.025	0.013	1.876	0.061**	Supported
H7c: SCRM → CUEN → CUEX	0.043	0.018	2.369	0.018*	Supported
Moderating effects					
H4a: EMEN x SCRM → CUAC	0.109	0.050	2.165	0.030*	Supported
H4b: EMEN x SCRM → CURE	0.105	0.053	1.993	0.046*	Supported
H4c: EMEN x SCRM → CUEX	0.135	0.045	3.016	0.003*	Supported
H6a: CUEN x SCRM → CUAC	-0.004	0.060	0.067	0.947	Rejected
H6b: CUEN x SCRM → CURE	-0.020	0.056	0.355	0.722	Rejected
H6c: CUEN x SCRM → CUEX	-0.081	0.051	1.593	0.111	Rejected

Note: * and ** indicate significance at 5% and 10% levels, respectively.

The results support all three direct hypotheses (*H1*, *H2*, and *H3*), confirming that SCRM positively influences customer acquisition, retention, and expansion. Hypothesis *H1* posited that SCRM positively affects customer acquisition, and the analysis revealed a significant effect ($\beta = 0.162$, $p = 0.010$). This indicates that banks can increase their ability to acquire new customers through the strategic use of digital tools and social media platforms, which help tailor marketing efforts to individual needs. This result is consistent with previous studies (e.g., Kumar & Mokha, 2021), which emphasize the importance of personalized marketing in attracting new customers via digital channels. Similarly, hypothesis *H2*, which suggested that SCRM positively influences customer retention, was supported ($\beta = 0.237$, $p = 0.000$). This result emphasizes that the use of SCRM not only helps attract new customers but also plays a crucial role in retaining existing ones. Through personalized communication and enhanced customer service via social media, SCRM allows banks to create deeper and more meaningful customer interactions, fostering customer loyalty. This aligns with the work of Artha et al. (2022), who found that SCRM tools significantly impact customer retention by facilitating better engagement. Finally, the findings also support hypothesis *H3*, which suggested that SCRM positively influences customer expansion ($\beta = 0.251$,

$p = 0.000$). By analyzing customer interactions and preferences, banks can identify cross-selling and upselling opportunities, thus enhancing customer lifetime value. This result is consistent with Gräser et al. (2023), who found that customer engagement, driven by SCRM, plays a significant role in expanding customer relationships by introducing additional products and services.

The study also examined the mediating effects of EMEN and CUEN on the relationships between SCRM and CLV. Hypotheses *H5a*, *H5b*, and *H5c* were all supported, indicating that employee engagement significantly mediates the relationship between SCRM and customer acquisition, retention, and expansion. Specifically, hypothesis *H5a* ($\beta = 0.039$, $p = 0.026$) shows that employee engagement positively influences customer acquisition through the effective use of SCRM tools. Engaged employees are more likely to personalize interactions and effectively meet customer needs, which drives acquisition efforts. Similarly, *H5b* ($\beta = 0.029$, $p = 0.089$) shows that employee engagement also mediates customer retention, though the effect is slightly weaker. This finding suggests that while employee engagement plays a significant role in fostering customer loyalty, its impact may vary depending on the context and other contributing factors. The

strongest mediation was found in *H5c* ($\beta = 0.069$, $p = 0.001$), where employee engagement significantly mediated the relationship between SCRM and customer expansion. Engaged employees, through personalized interactions and consistent service delivery, can identify cross-selling opportunities, thereby contributing to customer expansion.

For customer engagement, while hypothesis *H7a* ($\beta = 0.018$, $p = 0.154$) was rejected, suggesting that customer engagement does not mediate customer acquisition, hypotheses *H7b* ($\beta = 0.025$, $p = 0.061$) and *H7c* ($\beta = 0.043$, $p = 0.018$) were supported. This indicates that customer engagement plays a more significant role in customer retention and expansion, where frequent interactions through SCRM tools lead to higher loyalty and openness to additional services. These findings suggest that while customer engagement might not be central to the acquisition phase, it significantly

contributes to fostering long-term relationships and increasing customer lifetime value.

The moderating effects of employee and customer engagement were also tested, with significant findings for employee engagement. Hypotheses *H4a* ($\beta = 0.109$, $p = 0.030$), *H4b* ($\beta = 0.105$, $p = 0.046$), and *H4c* ($\beta = 0.135$, $p = 0.003$) all indicate that employee engagement moderates the relationship between SCRM and customer acquisition, retention, and expansion. These results demonstrate that engaged employees amplify the positive effects of SCRM, enabling banks to better meet customer needs, improve service delivery, and build stronger customer relationships. In contrast, the findings showed that customer engagement did not significantly moderate the relationship between SCRM and customer lifetime values. Hypotheses *H6a* ($\beta = -0.004$, $p = 0.947$), *H6b* ($\beta = -0.020$, $p = 0.722$), and *H6c* ($\beta = -0.081$, $p = 0.111$) were all rejected.

Source: Author's study.

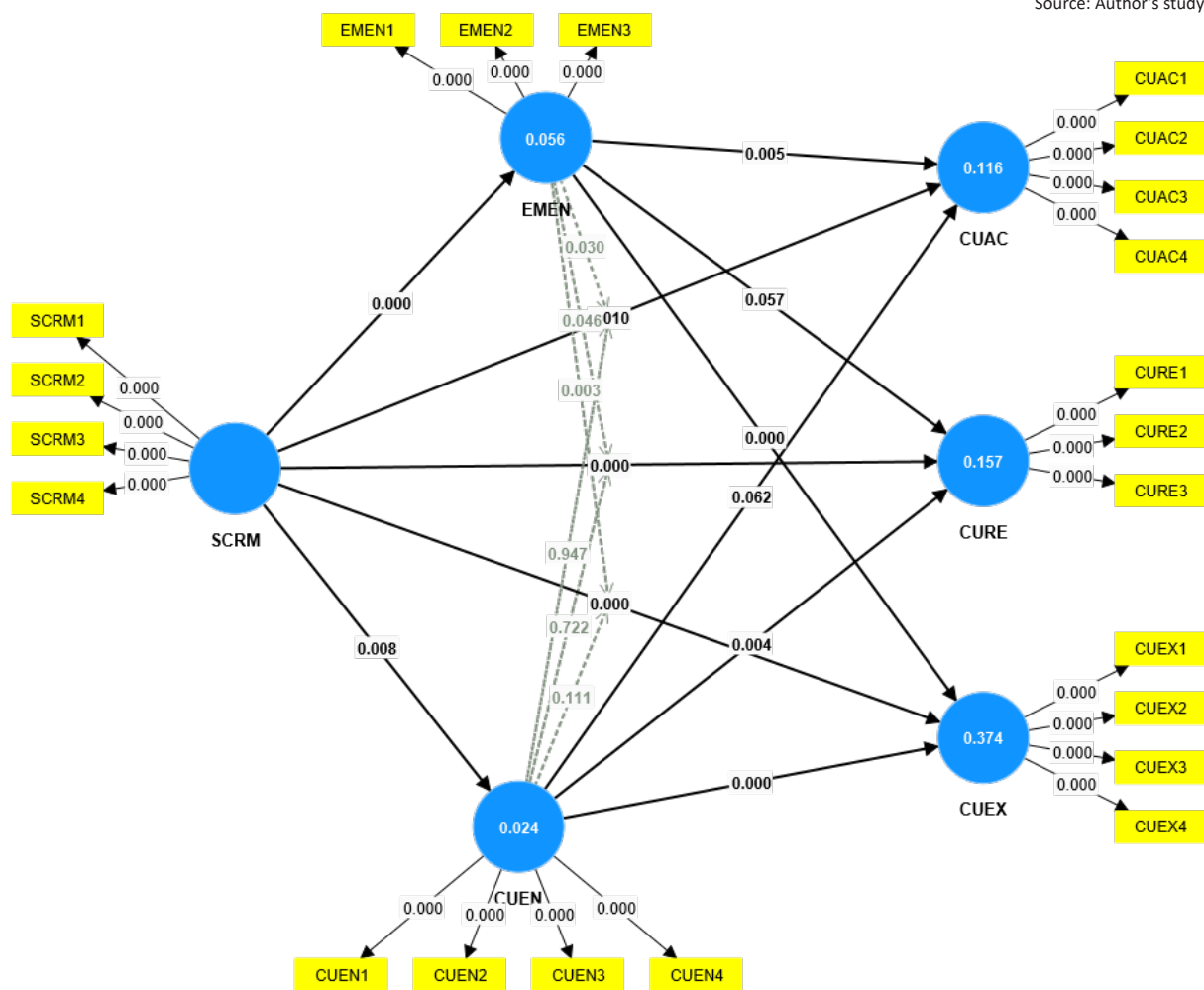


Figure 2. PLS-SEM results

This suggests that while customer engagement is essential for building long-term relationships, it does not directly influence the effectiveness of SCRM in acquiring, retaining, or expanding customers. This may be because customer acquisition typically precedes deeper engagement, and retention and expansion are more influenced by consistent service delivery rather than the level of engagement.

The findings of this study offer several important contributions to the existing body of knowledge on SCRM, particularly within the context of the Vietnamese banking sector. The results not only align with prior research but also provide deeper insights into the mechanisms through which employee and customer engagement influence the relationship between SCRM and CLV. In doing so, the study moves beyond surface-level correlations to clarify how engagement operates differently across dimensions of customer value.

The positive influence of SCRM on customer acquisition, retention, and expansion (as confirmed by *H1*, *H2*, and *H3*) corroborates findings from prior studies, which emphasize the importance of digital tools and personalized marketing strategies in attracting and retaining customers (Artha et al., 2022; Kumar & Mokha, 2021). However, the study extends this knowledge by highlighting the critical role of employee engagement in mediating these relationships. Engaged employees are more likely to utilize SCRM tools effectively, leading to better customer interactions and, consequently, higher acquisition, retention, and expansion rates. This aligns with research by Ghlichlee & Bayat (2021), which underscores the impact of employee engagement on customer-oriented behaviors and organizational performance. More importantly, our findings suggest that this internal factor not only explains but also amplifies the effect of SCRM, particularly in customer expansion.

The mediating role of customer engagement in retention and expansion (*H7b* and *H7c*) also supports previous research emphasizing the importance of customer engagement in fostering loyalty and long-term relationships (Afaq et al., 2023; Rashid et al., 2020). However, the lack of a significant mediating effect for customer acquisition (*H7a*) suggests that customer acquisition may rely

more on external marketing strategies than on deep engagement. This differentiation echoes the customer journey logic, where engagement typically develops after the initial acquisition. From a managerial standpoint, this underscores the need to tailor engagement strategies based on each lifecycle stage rather than adopting a uniform approach.

The rejection of customer engagement as a moderator in the SCRM-CLV relationship (*H6a*, *H6b*, *H6c*) contrasts with the literature that often associates engagement with increased effectiveness in CRM strategies (Pansari & Kumar, 2017). One possible explanation for this finding is that customer engagement, while important for building trust and loyalty, may not significantly influence the initial stages of customer acquisition or the ongoing relationship once customers are acquired. In contrast, employee engagement was found to be a stronger moderator, amplifying the effects of SCRM. This finding echoes previous studies (Lee & Yoo, 2022; Xu et al., 2023) that emphasize the importance of employee motivation and alignment with organizational goals in enhancing service quality and customer relationship management. Given the service-oriented nature of banking, particularly in a transitional digital environment like Vietnam, it is unsurprising that employee behavior continues to play a central role in shaping customer perceptions and outcomes.

Beyond these insights, the study presents several theoretical and practical implications. Theoretically, it integrates Resource-Based View, Social Exchange Theory, and Social Identity Theory to explain the pathways through which SCRM drives value. Practically, it suggests that banks should not only invest in technological infrastructure but also foster internal employee engagement initiatives to fully unlock SCRM's potential.

While the study provides valuable insights into the role of employee and customer engagement, it also opens avenues for future research. The use of cross-sectional data limits the ability to capture the dynamic nature of these relationships over time. Longitudinal studies would provide a better understanding of how SCRM and engagement evolve and influence customer lifetime value

in the long run. Furthermore, the study's focus on the Vietnamese banking sector limits the generalizability of the findings. Future research could extend the model to other industries or geographic regions, exploring cross-cultural differences and validating the findings in diverse contexts. Moreover, future studies could investigate the integration of other variables, such as technological

readiness and customer trust, which may further explain the effectiveness of SCRM in customer acquisition, retention, and expansion. In light of increasing automation and digitalization, examining the role of AI-driven SCRM systems, chatbot interactions, and omni-channel integration could also offer new directions for understanding modern CRM effectiveness.

CONCLUSION

This study sets out to investigate the role of SCRM in influencing customer acquisition, retention, and expansion in the banking sector, with a particular emphasis on the mediating and moderating roles of employee and customer engagement. Drawing on data from 282 banking professionals in Vietnam, the research empirically confirms that SCRM has a significant positive effect on all three components of CLV.

The results reveal that SCRM enables banks to acquire new customers through personalized outreach, improve customer retention via real-time interactions, and drive expansion through cross-selling and upselling strategies informed by customer data. Importantly, employee engagement was found to both mediate and moderate these relationships, suggesting that the effectiveness of SCRM strategies is strongly influenced by how engaged employees are with their roles and the systems they use. While customer engagement did not play a moderating role, it served as a meaningful mediator in the retention and expansion pathways, reinforcing the importance of relational continuity and emotional connection in enhancing long-term value. These insights emphasize the differentiated roles of engagement across customer lifecycle stages and highlight that internal capabilities can be as critical as external interactions in maximizing SCRM outcomes.

From a theoretical perspective, these findings contribute to the theoretical understanding of how internal (employee) and external (customer) engagement mechanisms interact with digital CRM strategies to drive customer value. By integrating the Resource-Based View, Social Exchange Theory, and Social Identity Theory, the study offers a holistic framework for understanding SCRM effectiveness in service-driven, digitally enabled contexts. This integrated model clarifies not only the direct impacts of SCRM but also the processes through which value is co-created within organizations and with customers.

From a managerial perspective, the study underscores the need to align SCRM initiatives with employee engagement strategies. Investments in digital CRM tools must be supported by training, motivation, and performance systems that empower employees to deliver personalized customer experiences. At the same time, customer engagement should be nurtured through consistent, high-quality interactions that build trust, encourage loyalty, and increase customer lifetime value. Banks aiming to optimize digital transformation should view SCRM not just as a technology solution, but as a people-driven process requiring organizational alignment and long-term commitment.

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APPENDIX A

Table A1. Survey measurements

Constructs	No.	Items
Social CRM (SCRM)	SCRM1	We use customer data from social media to improve our understanding of customer preferences and behaviors
	SCRM2	Social media allows us to personalize our marketing strategies and tailor services to individual customer needs
	SCRM3	The use of social media platforms increases customer loyalty by fostering continuous engagement
	SCRM4	Our social media presence helps us attract new customers and convert them into loyal, repeat buyers
Employee Engagement (EMEN)	EMEN1	Our employees are highly engaged in implementing SCRM strategies to improve customer relationships
	EMEN2	Employees actively support the use of SCRM to enhance customer loyalty and increase CLV
	EMEN3	Our employees feel motivated to use SCRM tools to provide personalized customer experience, increasing CLV
Customer Engagement (CUEN)	CUEN1	Our customers regularly engage with us through SCRM platforms, such as social media and customer portals
	CUEN2	Personalized communication through SCRM encourages customers to engage more frequently
	CUEN3	Customers who actively engage with us through SCRM are more likely to remain loyal and contribute to CLV
	CUEN4	Higher customer engagement through SCRM positively impacts their overall lifetime value
Customer Acquisition (CUAC)	CUAC1	Our company integrates social media interactions into CRM to attract potential customers
	CUAC2	We use SCRM to create personalized experiences that engage and convert prospective customers
	CUAC3	SCRM helps us effectively track and analyze customer feedback from social media to improve acquisition strategies
	CUAC4	Social media integration in our CRM system increases customer awareness and engagement
Customer Retention (CURE)	CURE1	We use personalized communication via SCRM to enhance customer loyalty and retention
	CURE2	Real-time feedback through SCRM helps us resolve customer issues promptly and retain them
	CURE3	Our SCRM system allows us to continuously tailor services based on customer preferences, enhancing retention
Customer Expansion (CUEX)	CUEX1	We use social media data from SCRM to identify potential new customer segments
	CUEX2	Our SCRM helps us personalize marketing campaigns based on customer insights, expanding customer relationships
	CUEX3	We leverage SCRM data to develop new services that align with the evolving needs of existing customers
	CUEX4	Our SCRM system enables us to proactively identify opportunities for upselling within existing customer segments