
| RESEARCH ARTICLE

Customer Relations and Its Effect on the Sustainability of Small-Sized Businesses

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| ABSTRACT

Customer Relationships are the processes of recognizing, establishing, sustaining, and improving interactions between businesses and customers. It helps foster long-term loyalty by prioritizing customer satisfaction and value to the company. Effective customer relationship management enables small businesses to remain competitive, particularly in highly competitive industries. Developing strong customer relationships is vital for sustainability and continued existence in today's fast-paced business world. Further, the study uses a descriptive quantitative research design to examine the effect of customer relationships on the sustainability of small-sized businesses. A random sampling technique was used to choose 142 small business customers. A survey questionnaire was the primary data collection technique. The responses were examined using statistical techniques such as mean, standard deviation, T-test, ANOVA, and Pearson's R. These methodologies were used to assess the relationship between customer relations and the sustainability of businesses. Small businesses have intensely examined their customer relationship methods. The entire mean score was 3.26, indicating a high relationship level among respondents. The total standard deviation was 0.69, showing that the results were consistent among respondents. These findings indicate that most businesses believe they are effectively engaging, satisfying, and retaining customers. Overall business sustainability assessment presented an average mean of 3.24 and a standard deviation of 0.67. interpreted as Very High Sustainability, a higher mean demonstrates that businesses are viewed as sustainable due to their outstanding performance in critical areas such as innovation, leadership, and management. Overall, the findings provide a very positive view for the business in the long term. In conclusion, the study indicated an essential and beneficial relationship between customer relationships and business sustainability. Small businesses that actively encourage customer trust and loyalty usually perform better and last longer. This relationship depends significantly on effective communication, after-sales support, and personalized service. The findings support the use of customer-focused techniques in small businesses.

| KEYWORDS

Customer Relations, Sustainability, Department Stores, Businesses.

| ARTICLE INFORMATION

ACCEPTED: 11 October 2025

PUBLISHED: 25 November 2025

DOI: 10.61424/rjbe.v3.i3.566

1. Introduction

Customer Relationship Management aims to create customer value, drive business profitability, and ultimately enhance shareholder value by developing, nurturing, and strengthening relationships with select customers. Customer relations is an industry expected to grow significantly (Payne and Frow, 2016).

Customer relations encompass businesses' methods, approaches, and procedures to communicate and connect with their customers, promoting long-term engagement, loyalty, and customer satisfaction. It includes providing satisfying experiences, addressing customer issues, and ensuring that customer requirements are met effectively. Strong customer relations are crucial for business success in today's competitive marketplace since they have a direct effect on profitability, brand reputation, and customer retention (Parise et al, 2019)

Understanding customer satisfaction can help businesses optimize their operations, as satisfied customers are more likely to make repeat purchases and remain loyal. Examine the factors analysis; the Philippine retail chain provides decision-makers and retail managers with a valuable understanding of customer satisfaction to enhance business performance (Rabo and Ang, 2028).

Maintaining good connections with customers has become essential to long-term success for businesses in today's competitive business climate. CRM systems have become essential tools for enhancing customer satisfaction, promoting repeat business, and fostering client loyalty as businesses strive to streamline their customer service processes. Highlights how vital it is to include CRM methods in business operations in order to guarantee long-term growth and profitability, especially in a market as competitive as the Philippines (Banzon et al., 2017).

1.1 Research Questions:

This study seeks to answer the following core question: What is the Demographic profile of the respondents in terms of age, sex, marital status, and average monthly income? And how do the respondents assess customer relations in terms of customer engagement, customer satisfaction, customer loyalty, and how do the respondents assess the sustainability of business in terms of: Leadership, Innovation, and management. And is there any significant difference in the effect of customer relations when the respondents are grouped according to this profile, and are there any significant relationships between customer relations and the sustainability of the business, and what action plan can be implemented to improve the sustainability of the business?

1.2 Purpose of the Study

The main objective of this research is to determine the extent to which customer relations influence the sustainability of small-sized businesses in Cogon Public Market, Cagayan de Oro City. Specially, the study aims to examine how dimensions of customer relations engagement, satisfaction, and loyalty affect business sustainability in terms of leadership, innovation, and management.

1.3 Significance

This study benefits business owners, customers, employees, and future researchers. Business owners gain insights into customer-centered strategies for sustainability. Customers voices are highlighted in shaping services, while employees may experience improved workplace engagement. Future researchers can use this study as a reference for further investigations.

2. Methods

2.1 Research Design

This study employed a descriptive quantitative research design, using surveys and statistical analysis (McCombes, 2019; Creswell, 2018).

2.2 Participants and Sampling Method

The respondents were 142 customers of three selected small-sized department stores that met the criteria: 10-99 employees, ₱3 million - ₱ 5 million in assets, and at least five years in operation.

Sampling used Slovin's Formula ($n=142$) with random distribution across stores.

2.3 Research Instrument

The questionnaire had three parts:

- Part 1: Demographic Profile (age, sex, marital status, income)
- Part II: Customer Relations (engagement, satisfaction, loyalty)
- Part III: Business Sustainability: (leadership, innovation, management)

The instrument was adapted from Hsu and Chau (2020) and validated by three research experts. Responses were rated using a 4-point Likert scale (1=Strongly Disagree, 4 = Strongly Agree).

2.4 Data Gathering Procedure

Consent was secured from store managers. Surveys were distributed with clear instructions. And additional interviews were conducted for richer insights.

2.5 Ethical Considerations

The study ensured ethical compliance by:

- Voluntary Participation
- Guaranteeing confidentiality and anonymity was ensured
- Securing informed consent from participants and adhering to ethical standards in protecting participants' rights.

2.6 Data Analysis

Collected data were encoded and analyzed using SPSS Software. The following statistical tools were used:

- Descriptive statistics: Frequency, percentage, mean, and standard deviation were used to determine the demographic profile of the respondents.
- T-test ANOVA: used to determine the significant differences based on the demographic profile.
- Pearson R: used to determine the significant relationship between customer relations and the sustainability of the business.

Responses were qualified using a four-point Likert scale, interpreted as follows:

Scale	Range	Description	Interpretation
4	3.26-4.00	Strongly Agree	Very High
3	2.51-3.25	Agree	High
2	1.76-2.50	Disagree	Poor
1	1.00-1.75	Strongly Disagree	Very Poor

3. Results

Table 1. Demographic Profile of the Respondents

Demographic Profile	Frequency	Percentage (%)
Sex		
Male	72	51
Female	70	49
Marital Status		
Single	59	42
Married	71	50
Widow	12	8
Age		
18-22 years old	33	23
23-27 years old	15	11
28-32 years old	22	15
33-37 years old	23	16
38 years old and above	49	35
Average monthly income		
₱9,000.00 and below	55	39
₱ 9,001.00 - ₱ 10,000.00	42	30
₱ 10,001.00 - ₱ 12,000.00	29	20
₱ 12,001.00 and above	16	11

Table 2. Mean Distribution of Respondents' Assessment on Customer Relations in Terms of Customer Engagement

Items	Mean	Std. Deviation	Description	Interpretation
I feel valued as a customer personalized communication.	3.37	0.58	Strongly Agree	Very High Engagement
The company's customer service representatives are knowledgeable and helpful.	3.31	0.63	Strongly Agree	High Engagement
I am satisfied with the speed and efficiency of the company's customer service.	3.29	0.67	Strongly Agree	Very High Engagement
The company communicates transparently about its sustainability initiatives.	3.22	0.65	Agree	High Engagement
The company provides opportunities for customers to participate in sustainable practices.	3.17	0.70	Agree	High Engagement
Average	3.27	0.65	Strong Agree	Very High Engagement

Table 3. Mean Distribution of Respondents' Assessment on Customer Relations in Terms of Customer Loyalty

Item	Mean	Std. Deviation	Description	Interpretation
My positive experience with this business makes me want to continue as a customer.	3.34	0.76	Strongly Agree	Very High Loyalty
The quality of services I receive encourages me to stay loyal to this business.	3.21	0.71	Agree	High Loyalty
I am satisfied enough to continue supporting this business in the future.	3.29	0.70	Strongly Agree	Very High Loyalty
I regularly purchase products/services from the business.	3.08	0.82	Agree	High Loyalty
I speak positively about business to others.	3.19	0.74	Agree	High Loyalty
Average	3.22	0.75	Agree	High Loyalty

Table 4. Mean Distribution of Respondents' Assessment of Customer Relations in Terms of Customer Satisfaction

Items	Mean	Std. Deviation	Description	Interpretation
I am satisfied with the overall experience I have with this business.	3.37	0.60	Strongly Agree	Very High Satisfaction
The business meets my expectations consistently.	3.30	0.60	Strongly Agree	Very High Satisfaction
I feel this business my that values satisfaction.	3.32	0.65	Strongly Agree	Very High Satisfaction
I rarely experience issues with the products/services I purchase.	3.23	0.72	Agree	High Satisfaction
My issues or concerns are resolved quickly and efficiently.	3.20	0.73	Agree	High Satisfaction
Average	3.28	0.66	Strong Agree	Very High Satisfaction

Table 5. Summary of the Distribution of Respondents' Assessment on Customer Relations

Items	Mean	Std deviation	Description	Interpretation
Engagement	3.27	0.65	Strongly Agree	Very High Engagement
Loyalty	3.22	0.75	Agree	High Loyalty
Satisfaction	3.28	0.66	Strongly Agree	Very High Satisfaction
Average	3.26	0.69	Strongly Agree	Very High Relation

Table 6. Mean Distribution of Respondents' Assessment of the Sustainability of the Business in terms of Innovation

Items	Mean	Std. Deviation	Description	Interpretation	
The business regularly introduces new and improved products or services.	3.29	0.65	Strongly Agree	Very Innovation	High
The products or services offered by this business are innovative and meet changing customer needs.	3.21	0.66	Agree	High Innovation	
I am satisfied with the innovative features of the products or services offered by this business.	3.28	0.66	Strongly Agree	Very Innovation	High
The business integrates innovation with sustainability in its products or services.	3.28	0.72	Strongly Agree	Very Innovation	High
I appreciate the business's efforts to use innovative methods to reduce its environmental impact.	3.29	0.69	Strongly Agree	Very Innovation	High
Average	3.27	0.68	Strongly Agree	Very Innovation	High

Table 7. Mean Distribution of Respondents' Assessment on the Sustainability of business in terms of Leadership

Items	Mean	Std. Deviation	Description	Interpretation	
The company's leadership communicates transparently about important issues.	3.29	0.64	Strongly Agree	Very Leadership	High
The company regularly introduces innovative products or services that meet customer needs.	3.17	0.67	Agree	High Leadership	
The company's leadership effectively handles crises and communicates with customers during challenging times.	3.19	0.69	Agree	High Leadership	
The aspects of the company's leadership inspire confidence in you as a customer.	3.17	0.68	Agree	High Leadership	
The company's leadership operates ethically and responsibly.	3.20	0.72	Agree	High Leadership	
Average	3.20	0.68	Agree	High Leadership	

Table 8. Mean Distribution of Respondents' Assessment on the Sustainability of the Business in terms of Management

Items	Mean	Std. Deviation	Description	Interpretation
The management prioritizes sustainable customer relations in our business strategy.	3.37	0.64	Strongly Agree	Very High Management
The management supports employee initiatives aimed at improving customer loyalty.	3.20	0.65	Agree	High Management
The management provides the necessary resources to meet customer expectations.	3.22	0.67	Agree	High Management
The management regularly reviews and adjusts strategies based on customer feedback.	3.24	0.63	Agree	High Management
The management is accessible and open to discussing customer relations issues.	3.24	0.69	Agree	High Management
Average	3.25	0.66	Agree	High Management

Table 9. Summary of the Distribution of Respondents' Assessment on the Sustainability of the Business

Items	Mean	Std deviation	Description	Interpretation
Innovation	3.27	0.68	Strongly Agree	Very High Innovation
Leadership	3.20	0.68	Agree	High Leadership
Management	3.25	0.66	Agree	High Management
Average	3.24	0.67	Strongly Agree	Very High Sustainability □

Table 10. Significant Difference in Customer Relations When Respondents Are Grouped According to Their Profile

Profile	Sustainability of The Business							
	Sustainability		Leadership		Management		Innovation	
	p-value	Decision on Ho	p-value	Decision on Ho	p-value	Decision on Ho	p-value	Decision on Ho
Sex	>0.05	Accept	>0,05	Accept	>0.05	Accept	>0.05	Accept
Age	<0.05	Reject	<0.05	Reject	<0.05	Reject	<0.05	Reject
Marital Status	<0.05	Reject	>0.05	Accept	<0.05	Reject	<0.05	Reject
Monthly Income	>0.05	Accept	>0.05	Accept	>0.05	Accept	<0.05	Reject

Table 11. Significant Relationship between Customer Relations and Sustainability of the Business

Variables	Sustainability	P
Customer Relation Strength	0.56761 Moderate	<0.001
Interpretation	Very Highly Significant	

4. Discussion

This study explored how customer relations defined in terms of engagement, satisfaction, and loyalty influence the sustainability of small-sized businesses in Cogon, Cagayan de Oro City. The findings revealed that businesses maintain strong customer relations and are viewed as sustainable by their customers. The positive relationship between the two variables suggests that when businesses invest in building trust, loyalty, and customer centered practices, they are more likely to achieve long-term growth and stability. Thus, the results of this study will serve as a basis for an implementation plan that strengthens customer relations and guides small business owners in making informed decisions that enhance sustainability.

4.1 Interpretation of Results

Based on the findings, customer engagement, satisfaction, and loyalty significantly contribute to the sustainability of small-sized businesses. High customer engagement indicates that customers feel valued and well-supported, while high satisfaction reflects positive experiences with products and services. Loyalty, although slightly lower than the other factors, still shows a consistent commitment of customers to remain with the business.

However, the moderate but significant correlation confirms that customer relations are a key determinant of sustainability, though other factors such as market conditions and financial management may also play a role.

4.2 Comparison with Existing Literature

Based on the previously attached manuscript, the comparison between the results and the current study and existing literature reveals both alignments and affirmations with prior research.

The results aligned with Navarro et al. (2021), who emphasized that effective customer relations have an immediate effect on business performance.

Similarly, Gonu et al. (2024) stressed that customer relationship management is vital for competitive advantage.

Moreover, the findings that customer loyalty and satisfaction enhance sustainability resonate with Taylor and Jordan (2023), who argued that businesses with strong customer loyalty programs tend to make better sustainability-related decisions.

Additionally, the observed demographic influence of age significantly affects customers, according to Lee and Chen (2021), who highlighted that age significantly affects customer engagement outcomes.

Lastly, Smith and Williams (2020) found income to have a uniform influence on customer behavior; this study showed mixed results for income, suggesting contextual differences.

5. Conclusion and Implications of the Findings

The findings of this study imply that small business owners should prioritize customer relations as a core strategy to ensure long-term sustainability. Strengthening customer engagement, satisfaction, and loyalty can help businesses remain competitive and resilient despite challenges.

Additionally, policymakers and local government units may use the results as a basis for designing training and development programs that support small businesses in customer-focused practices. For future researchers, the study highlights the need to further investigate demographic influences on customer relations, which may provide deeper insights into customer behavior.

Finally, the findings emphasize the important role of customers, as their feedback and loyalty directly shape the success and sustainability of the business.

5.1 Limitations

The study was limited to determining the effect of customer relations on the sustainability of small-sized businesses, focusing only on customer engagement, satisfaction, and loyalty. It was confined to small businesses located in Cogon Cagayan de Oro City, Philippines, which may limit the generalizability of the findings to other areas. The respondents were restricted to selected customers of these businesses, and the results depended solely on their perceptions and experiences.

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