

ABSTRACT

This study examines the role of Social Customer Relationship Management (Social-CRM) in enhancing competitive advantage and dynamic capabilities among SMEs in the food processing industry of Kota Semarang. Through a SEM-PLS analysis, the research tests hypotheses concerning the positive and significant relationships between Social-CRM, dynamic capabilities, and competitive advantage, as well as the moderating effects of environmental turbulence on these relationships. The findings affirm that Social-CRM contributes to competitive advantage both directly, and indirectly as a driver for dynamic capabilities. In addition, environmental turbulence has been shown to negatively moderate the Social-CRM relationship to competitive advantage, underscoring its influence in the context of strategic management. Theoretically, this study expands the dynamic capability framework by integrating Social-CRM as an essential element. Managerially, this shows that SMEs in a volatile environment must prioritize the development of their Social-CRM strategy and dynamic capabilities, to guide SMEs in making the right decisions to improve their business's competitive position in today's dynamic business environment.

Keywords: *Social Customer Relationship Management (Social-CRM), Competitive Advantage, Dynamic Capabilities, Environmental Turbulence, SMEs Food Processing*