The Outcome of Knowledge Process for Customer of Jordanian Companies on the Achievement of Customer Knowledge Retention

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ABSTRACT

Organizations have increasingly recognized the importance of managing customer relationships, and Knowledge Management (KM) from the perspective of a process approaches assure positive impact on customer retention. Many organizations are turning to Customer Relationship Management (CRM) to better serve customers and facilitate closer relationships. This paper investigates how Knowledge Process for customers is used in practice by Jordanian companies to achieve Customer Knowledge Retention. The current practice is based on the data collected from 156, randomly drawn and reported from a survey of CRM applications and evaluation of CRM analytical functions provided by three software business solution companies working in the CRM area, and four companies that used the CRM system. Based on data collected from the companies, results from the analysis indicated that the knowledge process for customers had a positive effect on customer knowledge retention. The paper also verified the hypotheses of the effect of knowledge processes for customers on customer retention. The findings shed light on the potential relationship between the knowledge processes for customers and customer retention. It also provides guidance for the Information Technology (IT) industry as to how an analytical knowledge process for customers should be taken into account in developing countries to support to achieve customer knowledge retention due to cultural, social and educational differences.

Keywords: Customer Knowledge, Customer Knowledge Retention, Knowledge Management, Process for Knowledge

1. INTRODUCTION

The globalization of business has highlighted the need of IT to understand the rapid growth customers’ demands, due to the global competition; defensive marketing is becoming more attractive and popular. Obviously, this trend is magnified by the rapid development of CRM systems and the adoption of the customer-centric orientation (Stefanou et al., 2003). Knowledge...
has become strategic resource of organization 
and the foundation of competitive advantage; In 
addition, it has been recognized as an important 
asset for sustaining a competitive advantage 
(Papoutsakis & Vallès, 2006). Consequently, 
many organizations lost sight of it to grow and 
compete with domestic and global competitors. 
Thus, organizations try to achieve it from man-
aging knowledge. Since the 1980s, researchers 
have been talking more and more about an era of 
focusing on customer retention Sheth (2002). In 
addition, the organization has been using KM to 
decrease the time to process customer requests, 
improve ongoing service, and better structure 
deals to meet customer retention.

Undoubtedly, Customer Knowledge Man-
agement (CKM) creates new knowledge sharing 
platforms and processes between companies 
and their customers. It is a continuous strate-
gic process by which companies enable their 
customers to move from passive information 
sources and recipients of products and services 
to empowered knowledge partners (Gibbert 
et al., 2002). Through review and study of 
selected fundamentals related literature, that 
focused on developed countries and accordingly 
based on cultural, educational, technological, 
social and economical factors applicable to 
advanced Western societies rather than devel-
oping countries.

Our study is therefore distinctive in that, it 
addresses one of the important issues in Middle 
Eastern area because the use of IT is new for 
them. We strongly believe that our study will 
help and provide guidance for the IT industry, 
and researchers as to how an analytical knowl-
edge process for customers should be taken into 
account in developing countries to support to 
achieve customer knowledge retention.

This paper is organized as follows. In the 
next section, we review relevant literature; 
section three proposes the research model and 
hypotheses, section four is about the research 
methodology in which we discuss the design 
of the questionnaire, sample, data collection, 
hypotheses analysis and results. The last seg-
ment of this paper is our conclusion, limitations 
of the study, and areas for further research.

2. LITERATURE REVIEW

KM, as a discipline, is designed to provide 
strategy, process, and technology to increase 
organizational learning (Satyadas et al., 2001). 
The various system designs attempt to capture 
capitalize on the existing explicit, im-

plicit and, in some cases, tacit knowledge of 
organizations. This emphasis on technology 
hides the range of knowledge available in an 
an organization and processes that facilitates the 
flow of knowledge. Organizations must develop 
an integrative approach to KM that covers all 
potential components of knowledge and lever-
ages specific components strategically aligned 
to their business objectives. In addition, KM is 
not something new; it is going to be something 
tangible and, in other words, there is a type of 
revision on this topic today. Therefore it can 
be useful for the success of CRM activity. As 
a concept, it is one of the important factors for 
achievement of customer knowledge retention 
in the long term. Study of the KM process is 
important for the organization to validate the 
objective. Therefore, CRM process can be 
considered as knowledge oriented process with 
the characteristics of knowledge intensity and 
process complexity (Lin et al., 2006). Customer 
knowledge managers seek opportunities for 
partnering with their customers as equal co-
creators of organizational value. This is also 
in stark contrast to the desire to maintain and 
nurture an existing customer base (Gibbert 
et al., 2002). Goh (2005) describes KM as an 
expertise that is widely recognized as having 
a significant impact on business performance. 
It is an approach that is used to capture, cre-
ate, and apply knowledge to make the CRM 
process successful (Alryalat et al., 2007). The 
literature shows that managers focus on how 
to produce growth for the corporation through 
acquiring new customers and through engag-
ing in an active and value-creating dialogue 
with them, and are much less concerned with 
customer retention information. Furthermore, 
it has been maintained that CRM and KM have 
been gaining recently wide interest in business 
environment (Gebert et al., 2002).
Would You Share?: Examining Knowledge Type and Communication Channel for Knowledge Sharing Within and Across the Organizational Boundary
[www.igi-global.com/article/would-you-share/62588?camid=4v1a](www.igi-global.com/article/would-you-share/62588?camid=4v1a)

Mathematical Knowledge Management
[www.igi-global.com/chapter/mathematical-knowledge-management/49054?camid=4v1a](www.igi-global.com/chapter/mathematical-knowledge-management/49054?camid=4v1a)