Factors Affecting Customer Linking Capabilities and Customer Satisfaction in CRM: Evidence from Jordanian Hotels

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ABSTRACT

The implementation of customer relationship management (CRM) is increasingly taking centre stage in organizations' corporate strategies. This research examines the relationships between human resources, customer orientation, service responsiveness, customer linking capabilities, provider reliability, loyalty, complaint management, customer satisfaction, content usefulness, and content efficiency. To achieve this purpose, two models related to CRM, including customer linking capabilities and customer satisfaction models are built. The data is collected from guests of 3-star, 4-star, 5-star hotels in Jordan. Structural equation modeling (SEM) is then used for empirical analyses. The results of the first model reveal that: (i) human resource and content usefulness are positively related with service responsiveness and (ii) service responsiveness and customer orientation positively influence customer linking capabilities. While, the results of the second model highlight that complaint management, provider reliability, customer linking capabilities and content efficiency positively influence customer satisfaction. Thus, decision makers in Jordanian hotel industry should continually consider these relations when planning new business activities and improving existing ones.

Keywords: Customer Linking Capabilities, Customer Relationship Management (CRM), Customer Satisfaction, Hotel Industry, Jordan, Structural Equation Modeling (SEM)

1. INTRODUCTION

Customer relationship management (CRM) is an integration of technologies, people, and business processes that is used to satisfy the customers’ needs, and to improve interactions with clients (Foss, Stone, & Ekinci, 2008). CRM systems enable companies to respond efficiently to shifting customer needs, thereby bolstering revenue and retention, and reducing marketing costs (Rigby, Reichheld, & Schefter, 2002). CRM aims to create, develop, and
enhance personal and valuable relationships with customers by providing personalized and customized products and services (Storbacka & Lehtinen, 2001; McKim, 2002).

The implementation of CRM is increasingly taking centre stage in organizations’ corporate strategies (Greenberg, 2002). The success of CRM implementation is low and evidence suggests that many organizations are finding it hard to realize business benefits from this strategy. Today, many financial services organizations are rushing to become more customer focused. A key component of many initiatives is the implementation of CRM software. Many companies are practicing elements of an approach to marketing that uses continuously refined information about current and potential customers to anticipate and respond to their needs. Recently, CRM has been increasingly adopted as a core business strategy. For example, Peppard (2000) presented a framework based on incorporating e-business activities, relationship management, and back-office/front office integration within customer centric strategy. Wu and Wu (2005) integrated technology acceptance model with an extension of an innovation diffusion theory in a complementary manner to explore the e-CRM usage. Teo, Devadoss, and Pan (2006) examined the implementation of CRM and proposed a framework for CRM encompassing business, technology, and customer perspectives at the housing and development board in Singapore. Kim (2006) studied the effects of variable selection and class distribution on the performance of specific logit regression and artificial neural networks implementations in CRM setting. Ozgener and Iraz (2006) examined the factors influencing the implementation of CRM at small and medium-sized tourism enterprises in Cappadocia. They concluded that communication-distribution infrastructure, business dynamics, customer relations and innovation-quality factors affect CRM. Cheng, Chen, and Chang (2008) developed a model to investigate the antecedents of airline relationship quality from the customer’s perspective and examined the relative impact of customer orientation, domain expertise, interpersonal relationships, service recovery, and information technology on customers’ perceptions of the quality of their relationships with airlines. Structural equation modeling was used to analyze survey data collected from 252 domestic passengers in Taiwan. Kim and Kim (2009) proposed a framework of CRM performance measurement, or CRM scorecard, to diagnose and assess a firm’s CRM practice. Shin, Moon, and Sohn (2009) developed a structural equation model for customer satisfaction index to measure the quality level of information infrastructure reflecting the aspects of information infrastructure industry. Stein and Smith (2009) evaluated the relationship between the customer relationship orientation of the firm and its use of CRM, as well as the association of CRM use with overall firm performance in B-B settings across a range of traditional business performance measures. Rapp, Trainor, and Agnihotri (2009) examined how technology and complementary resources are bundled to form capabilities that foster durable customer relationships in a cross-sectional study of 215 organizations using a partial least squares modeling approach. They concluded that CRM technology capability and customer orientation have a positive association with the development of durable customer relationships. These resources also have a positive interactive effect on customer-linking capability, highlighting the importance of aligning strategic business and technology resources. Finally, the authors find that customer-linking capability has a positive relationship with customer relationship performance and that the rapidity of changes in the external environment moderates this relationship. Bull (2010) provided some useful practical insights into the impact of CRM on changes in the deployment of some intermediaries, in order to improve customer service. Kim, Kim, and Park (2010) reviewed several theoretical backgrounds of organizational resources and capabilities for implementing CRM strategy, then integrating firm’s resources and capability to implement CRM in a retail bank in Korea. Beldi, Cheffi, and Dey (2010) investigated...
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