Chapter 23
The Outcome of Knowledge Process for Customers 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.

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 managing 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 Management (CKM) creates new knowledge sharing platforms and processes between companies and their customers. It is a continuous strategic 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 developing 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 knowledge 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 segment 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 and capitalize on the existing explicit, implicit and, in some cases, tacit knowledge of organizations. This emphasis on technology hides the range of knowledge available in 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 leverages 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 revolution 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

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