Chapter 7

The Practice of Jordanian Business to Attain Customer Knowledge Acquisition

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ABSTRACT

This paper examines how Jordanian companies use the knowledge process to support Customer Knowledge Acquisition (CKA) and how they foster it. The empirical study is based on a sample of the data collected from 156 respondents, drawn randomly from three software business solution companies working in the Customer Relationship Management (CRM) area, and four companies which are employing the CRM system. The results show that the three selected factors (need for Customer Knowledge, Verify Customer Source, and Capture Customer Knowledge) have a significant impact on customer acquisition. However, the source identification of knowledge is not significant in Jordanian business software environments. The empirical findings will help both researchers and practitioners in future Knowledge Management (KM) and Customer Acquisition research to gain a better understanding of the knowledge processes about customers on Customer Acquisition. This paper provides a contribution to the literature about Customer Knowledge Acquisition in one of the developing countries as a framework to keep organizations competitive within the global business environment.

1. INTRODUCTION

In the past, organizations gave no attention to Knowledge Management (KM), because it was believed that knowledge was easily managed internally and was a simple process. They have started to recognize the importance of knowing their customers better to provide online information services due to the rapid change in the business environment, featuring strong competition as a result of the increasing importance of using the Internet to conduct business. They need to connect

DOI: 10.4018/978-1-4666-2485-6.ch007
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their database to the Web. This is the reason that Information Technology (IT)-based CRM systems have been employed in many industry sectors. By considering that, organizations can create accessible improved knowledge content in the development and provision of products and services to managers on all levels of the firm, achieve shorter new product development cycles, and facilitate and manage organizational innovation and learning (Lancioni & Chandran, 2009). Knowledge and KM is considered as valuable corporate resources in the same vein as land, buildings, financial resources, people, capital equipment, and other tangible assets. That’s why, it has become vital for managers to improve organizational competency in the development of knowledge capture and transfer (Kipley et al., 2008).

The successful adoption of IT-enabled CRM systems redefines the traditional models of interaction between businesses and their customers, both nationally and globally. It is considered as a source for competitive advantage because it enables organizations to explore, use knowledge of their customers and to foster profitable and long-lasting one-to-one relationships. Much research has been conducted on development of these systems while they are ongoing Ferguson et al. (2004), Sweet (2004), and Xu and Walton (2005). It was found that knowledge is the only significant economic resource (Drucker, 1996). From this time, KM is viewed as one of the most important options, because this knowledge turns out to be an important differentiator for competitive advantage (Paiva et al., 2002; Tzokas & Saren, 2002). Additionally, Paiva et al. (2002) found that customers’ information is the type of information that is most frequently updated, and the company focuses on specific customer information instead of general market information. Unfortunately, many organizations have lost sight of competitive advantage as an effective way to grow and compete with domestic and global competitors. Thus, organizations must gain this customer acquisition from managing knowledge appropriately.

A large body of work identifying and describing CRM and KM frameworks has been conducted, reflecting different viewpoints and issues. These studies have in fact enriched the literature and established a platform for other researchers to continue the search for widening the scope of small emerging literature on Customer Knowledge Management (CKM) Gebert et al. (2002), Customer Knowledge Retention (Nehari-Talet et al., 2010).

While numerous studies relating CRM and KM frameworks have been conducted, there has been a definite lack of academic effort addressing the issue of the Customer Knowledge Acquisition (CKA) model in developing countries. In these conceptual frameworks, they concentrate on how CRM could be implemented successfully by linking a KM process creating customer intelligence (internal process) with an interaction management process handling customer communications (external process).

Our study seeks to contribute to this field by addressing one of the concerns related to the knowledge process and Customer Relationship Management and by providing a reliable, confident method of employing CKA process as a valid model. This implies which CKA aspects should be focused on depend on the conceptualized perspective of the CRM and KM.

As a result, the aim of this paper is to shed light on establishing long-term relationships with customers by using knowledge process to support (CKA) and how they can be built while showing how Jordanian business software companies utilize the Customer Knowledge process to achieve CKA.

2. LITERATURE REVIEW

Due to strong competition, the current economic crisis and rapid changes in the business environment, organizations are seeking improvement to their business processes, in order to reduce cost, improve efficiency and reduce the impact of the economic crisis on their functionality. Since 1990, organizations realized that knowledge could