

## Strategies of Knowledge and Customer Relationship Management

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### **Abstract**

*In recent years, companies have integrated their customer relationship management (CRM) and knowledge management (KM) efforts because they realize that KM plays a key role in CRM success. Both knowledge management (KM) and customer relationship management emphasize the allocation of resources to business supportive activities to gain competitive advantages. The aim of this study is to investigate the correlation between knowledge management strategies and customer relationship management (CRM) in the Iranina hotel chains. The statistical population of the study consists of 220 managers and the size of the sample is 140. Spearman correlation coefficient is used to test the research hypotheses. Our findings show that there is a significant positive relationship between knowledge management strategies and customer relationship management in the Iranian hotel chians.*

**Keywords:** Knowledge management, strategies, customer relationship management, hotel chains

## Introduction

Today is the era of knowledge-based organizations, and customer relationship management consists of not only product selling but also accessing and collecting information about customers. Knowledge management is a new concept in CRM (Retna and Tee-NG, 2011).

The value of knowledge is underscored by the recognition of knowledge as an impacting factor for performance and competitive advantage for organizations (Helms Reijssen, 2008; Ho, 2008). In KM, the focus is on getting knowledge about customers, competitors, products and services produced in an organization. Therefore, KM process usually occurs inside the organization. Thus, KM process is, first, an organizational learning process (Stefanou and Sarmaniotis, 2003). For effective KM company staff and professional techniques are of great importance (Eppler and Platts, 2009). A great amount of organizational efforts have been oriented towards KM, which is one of the main management areas that mostly focus on employers' knowledge about customers, competitors, products, and services of the organization (Probst et al., 2000). In the past decade, many researchers addressed KM, organizational knowledge, and learning organizations (Shani and Docherty, 2009). An increased tendency of research in this field indicates a shift from industry to knowledge age (Sanchez, 1997). This is a so-called knowledge revolution because today knowledge is the main asset for companies, which is used to increase competitive position of a company (Nonaka, 2000). KM is thus an important strategy for improving a company's competitiveness and organizational

performance. An appropriate KM makes the organization more creative and intelligent (Wong and Aspinwall, 2004). Although it manifests its benefits at the level of the firm, KM is in fact a deeply social process, which must take into account the human and social factors at work in the organization (Mason and Pauleen, 2003). The most important role that can be attributed to KM is that it acts as a change methodology. Knowledge can far more improve performance than data and information and consequently can improve the quality of services in organizations (Jennex, 2008).

According to Civi (2000) and Gupta et al. (2000) the only competitive advantage that organizations have in the 21st century is what they know and how they use it. Furthermore, the importance of KM is clear to many organizations therefore, managers look for the ways for a successful knowledge management implementation (Mojibi et al., 2015). Today, to respond better to the costumers' various needs in a complex and competitive environment, organizations need to apply KM and CRM simultaneously as an effective and integrative strategy. Customer KM is related to obtaining, sharing, and expanding the knowledge about customers and between customers and organizations. This research studies the relation between knowledge management strategies and CRM in the Iranian hotel chains. According to Paquette (2006) the process that a firm employs to manage the identification, acquisition and internal utilization of customer knowledge are collectively referred to customer knowledge management (CKM). It is within these processes that an organization

and its customers collectively work together to combine their existing knowledge to create new knowledge.

The CRM means to establish and retain the personal relationships with efficient customers through the appropriate use of information and communication technologies (Hippner et al., 2001). It is a process composed of customer supervision, appropriate data collection, data management and evaluation and ultimately creation of real advantage from extracted data of their interactions (Kim et al., 2010). CRM is a process to collect information about customers with the aim to find, and record important features to implement marketing activities based on customers demand and quality. It is the process of attracting, keeping, and growing profitable customers (Handen, 2000). Handen believes that CRM is an implementation of comprehensive solution that integrates people, process and technology to enhance relationship of organizations and their customers. CRM is rooted in communicative marketing to improve long-term profitability based on effective management of customer relationship. Therefore, CRM is a complicated method that extracts customers' data from all customers' contact points to a company. Effective management of information plays an important role in implementation of CRM (Peppard, 2000). CRM results in customer satisfaction, cost saving, more products and income. The deployment of customer-oriented management is one of the most important issues for the survival of organizations in today's competitive world,

because CRM makes connection between business processes and customer strategy to increase profitability and customer loyalty (Chalmers, 2006). Unfortunately, many CRM practices are faced with up to 80% failure (Rowley, 2002; Bose and Sugumaran, 2003). They fail because of poor knowledge management (Bose and Sugumaran, 2003). CKM, that is knowledge management in customer relationship management is a new area and there is a need for more research to find out how KM may improve CRM.

Accordingly, the goal of the current research is to find out if there is a significant relationship between the knowledge management strategy and CRM in the Iranian hotel chains.

### Theoretical Frame of the Research

CRM and KM have considerable synergy potential, and both enable companies to build strong, mutually beneficial relationships with their customers. While KM acts as a service provider for CRM, the interdependencies between and mutual benefits of two approaches can result in synergies (Gebert et al., 2003; Alavi and Leidner, 2001).

One of the most important factors for success in CRM is a suitable knowledge management. In this research, we identify the following knowledge management strategies: knowledge creation, knowledge sharing, knowledge maintenance, and knowledge application. The theoretical frame of the research is shown in Figure 1. On the basis of this model, the research hypotheses are defined in the following section.

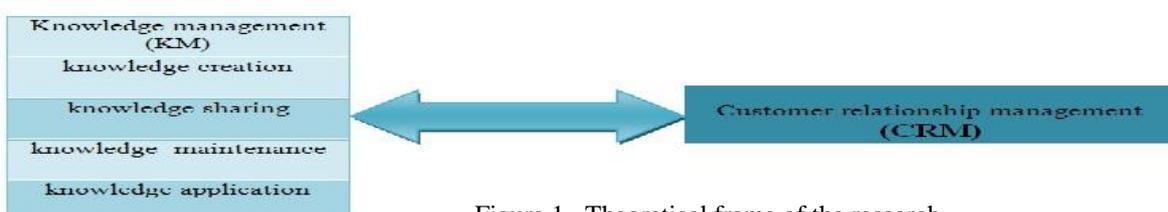


Figure 1. Theoretical frame of the research.

The main hypothesis is: there is a significant relationship between KM and CRM in the Iranian hotel chains.

Secondary hypotheses are:

- There is a significant relationship between knowledge creation and CRM in the Iranian hotel chains.
- There is a significant relationship between knowledge sharing and CRM in the Iranian hotel chains.
- There is a significant relationship between knowledge utilization and maintenance and CRM in the Iranian hotel chains.
- There is a significant relationship between knowledge application and CRM in the Iranian hotel chains.

### Research Methodology

In this paper, we collected the data by a survey using a suitable questionnaire with a reliability level of 0.94. SPSS software was used for data analysis. The size of the statistical population of the research is 220, which includes all the top- and mid-level managers, and the size of the statistical sample is 140 according to Krejcie and Morgan's table (Krejcie and Morgan, 1970). The used questionnaire consists of 43 questions with 25 questions related to knowledge management strategies and 18 questions to CRM. Five-level Likert scale is used in the questionnaires. Level one indicated that the respondent did not agree completely with the situation and level five showed that the respondent completely agreed. The

questionnaire reliability was calculated using Cronbach's alpha.

### Results

According to the results of the descriptive analysis, 84 of the respondents were male and 56 female; 36 were 20-30 years old, 46 between 31 and 40 years old, 44 between 41 and 50, and only 14 of them were more than 50 years old. In all, 49 individuals had less than 10 years of administrative experience, 28 individuals were with administrative experience for 10-15 years, 30 individuals were with administrative experience for 15-20 years, and 33 individuals had more than 20 years of administrative experience. Regarding the respondents' highest educational degrees, 3 respondents had a high school degree, 26 had college degrees, 80 had bachelor degrees, and 31 had post graduate or higher degrees.

To test the research hypotheses, Spearman's correlation coefficient (non-parametric correlation) method is used.

H1: There is a significant relationship between KM and CRM

H0:  $P = 0$ : There is no significant relationship between KM and CRM

Since the significance level is less than the error level, H0 is rejected. That is, with 95% confidence, it could be concluded that there is a significant relationship between KM and CRM. In this relation, correlation coefficient is equal to 0.825. The results are shown in Table 1

Table 1 Spearman's correlation coefficient between KM and CRM

| Variables                                  | Correlation Coefficient | Significant level | Error level | Decision  |
|--|-------------------------|-------------------|-------------|-----------|
| Correlation coefficient between KM and CRM | 0.825                   | 0.000             | 0.05        | Reject H0 |

Table 2 Spearman’s correlation coefficient between knowledge creation and CRM

| Variables  | Correlation Coefficient | Significant level | Error level | Decision  |
|--|-------------------------|-------------------|-------------|-----------|
| Correlation coefficient between knowledge creation and CRM | 0.819                   | 0.000             | 0.05        | Reject H0 |

Table 3 Spearman’s correlation coefficient between knowledge sharing and CRM

| Variables   | Correlation Coefficient | Significant level | Error level | Decision  |
|---|-------------------------|-------------------|-------------|-----------|
| Correlation coefficient between knowledge sharing and CRM | 0.470                   | 0.000             | 0.05        | Reject H0 |

H2: There is a significant relationship between knowledge creation and CRM in the Iranian hotel chains.

H0: P= 0: There is no significant relationship between knowledge creation and CRM in the Iranian hotel chains.

As given in Table 2, the significance level is less than the error level. Therefore, H0 is rejected. That is, with 95% confidence, it could be concluded that there is a significant relationship between knowledge creation and CRM in the Iranian hotel chains. Correlation coefficient is equal to 0.819

H3: There is a significant relationship between knowledge sharing and CRM in the Iranian hotel chains.

H0: P =0: There is no significant relationship between knowledge sharing and CRM in the Iranian hotel chains.

We reject H0 because the significance level is less than the error level (see Table3). Therefore, we are 95% confident that there is a significant relationship between knowledge sharing and CRM in the Iranian hotel chains.

H4: There is a significant relationship between knowledge maintenance and CRM in the Iranian hotel chains.

H0: P =0: There is no significant relationship between knowledge maintenance and CRM in the Iranian hotel chains.

H0 is rejected because the significance level is less than the error level (see Table 4). Therefore, we are 95% confident that there is a significant relationship between knowledge maintenance and CRM. The correlation coefficient is 0.475.

Table 4 Spearman’s correlation coefficient between knowledge maintenance and CRM

| Variables   | Correlation Coefficient | Significant level | Error level | Decision  |
|---|-------------------------|-------------------|-------------|-----------|
| Correlation coefficient between knowledge maintenance and CRM | 0.475                   | 0.000             | 0.05        | Reject H0 |

Table 5 Spearman's correlation coefficient between knowledge application and CRM

| Variables   | Correlation Coefficient | Significant level | Error level | Decision  |
|---|-------------------------|-------------------|-------------|-----------|
| Correlation coefficient between knowledge application and CRM | 0.572                   | 0.000             | 0.05        | Reject H0 |

Table 6 Friedman test

| Index                 | Average rank |
|-----------------------|--------------|
| knowledge creation    | 2.70         |
| knowledge application | 2.47         |
| knowledge maintenance | 2.17         |
| knowledge sharing     | 1.86         |

H5: There is a significant relationship between knowledge application and CRM in the Iranian hotel chains.

H0:  $P = 0$ : There is no significant relationship between knowledge application and CRM in the Iranian hotel chains.

As shown in Table 5, H0 is rejected because the significance level is less than the error level. Therefore, we are 95% confident that there is a significant relationship between knowledge application and CRM. The correlation coefficient is 0.572.

To classify the effective factors of CRM in the Iranian hotel chains Friedman test is used. SPSS output results are given in Table 6. According to the results, knowledge creation, knowledge application, knowledge maintenance, and knowledge sharing have the first, second, third, and fourth desirability degree and importance, respectively

### Conclusions and Suggestions

The existence of meaningful relation between knowledge management strategies and CRM points out that a change in each strategy can have a remarkable effect on improving the function of CRM. Consequently, the following suggestions are presented for managers to improve the function of CRM in the Iranian hotel chains:

- Managers can create an acceptable status in exchanging information with the costumers using equipments, suitable tools, and information technology. Meanwhile, managers are recommended to solve service shortcomings and upgrade costumers' satisfaction and loyalty by holding group interviews and temporary questionnaires,
- Creating network structures that are designed based on trust, can help to create, apply, maintain, and share the knowledge. This can be achieved by a connection between scientific and university centers and an organization.
- One can apply tools like chat rooms, think tanks, and voice of costumers (VOC) to create new knowledge. Making a bank of knowledge in the form of a book, visual, audio or written software, can make the ground for saving and maintaining knowledge, and in this way, it can help to create and share applied ideas to make more favorable and more diverse services.
- As knowledge generation has the most influence on CRM, managers are recommended to make appropriate organizational culture and provide necessary equipments to maintain and share knowledge among the personnel.

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