

The effects of Knowledge Process for Customer on the achievement of Customer Knowledge Retention

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Abstract

It is evident that there is a strong competition among organizations and a sort of rapid change in the business environment is taking place. Therefore; organizations start thinking of how to improve their processes to stay competent. Knowledge has become a strategic resource and a basis of competitive advantage in the organization. However, many organizations lost sight of managing Knowledge to grow and compete with domestic and global competitors. Customer Knowledge has been increasingly recognized within process as a significant resource that can be managed to support customer retention. This paper reviews process for knowledge and present suggestions for what a general process to improve customer knowledge retention should include based on analysis of various processes in the literature. The main emphasis is laid upon the concepts of Rationalize Customer Knowledge, Validation Customer Knowledge, and Scrutinize Customer Knowledge. Therefore, this paper contributes to the process of developing customer knowledge retention process. The paper will describe a more valid process in how to achieve customer knowledge retention.

Key Words: Knowledge Management (KM), Customer Knowledge, Process for Knowledge, Customer Knowledge Retention.

1. Introduction

It is evident that there is a strong competition among organizations and a sort of rapid change in the business environment and, therefore; the organizations start thinking of how to improve their performance and processes. In this regard, knowledge has become a key source for organizations to enhance the competitive advantage which is of prime significance for organizations' performance.

Knowledge has become a key source for organizations to improve the competitive advantage. 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, KM can be useful for the success of Customer Relationship Management (CRM) activity. As a concept, KM is one of the important factors for achievement of customer knowledge acquisition in a long term. Study the KM process important of 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 [13].

[9] View the managing knowledge as a kind of asset, corporate needs developing corresponding criteria to control the knowledge assets. Additionally, organization should put a great deal of emphasis on discovering who are its best customers and how to find new customers who will be similarly loyal and profitable [7]. KM is important for CRM because it can help the organizations get better their service and enhance quality of product. However, the most important challenge of managing knowledge in the organizations is creating and integrating knowledge to share among all organizational members.

Therefore, the organizations start thinking of how to develop process to enhancement customer knowledge acquisition.

This paper extends the previous paper in order to propose a conceptual model of customer knowledge retention to improve customer retention. The rest of this paper is structured as follow: Section two introduces review of related studies associated to customer knowledge. Section three presents a conceptual model for customer knowledge retention process, and finally the conclusion is given.

2. Literature Review

This section gives the reader an overview of different contribution in literature associated with the process

for knowledge. It also presents an explanation of customer knowledge flows. Furthermore, it is concerned with KM Capabilities Needed for CRM. Finally, it describes the phase of process for knowledge related in the literature.

2.1 Customer Knowledge Flows

[17] Distinguish between three kinds of knowledge flows that play a vital role in the interaction between an organization and its customers: knowledge for, from and about customers. Knowledge for customers to support customers in their buying cycle, a continuous knowledge flow directed from the company to its customers. Knowledge from customers has to be incorporated by the company for product and service innovation, idea generation as well as for the continuous improvement of its products and services. Knowledge about customers is collected in CRM service and support processes and analyzed in CRM analysis processes.

Additionally, [6] note that organizations need to focus on three sorts of knowledge in CRM processes. Firstly, they need to understand the requirements of customers in order to address them. This is referred to as knowledge about customers. Secondly, the information needs of the customers in their interaction with the enterprise require knowledge for customers. Thirdly, customers possess knowledge about the products and services they use as well as about how they perceive the offerings they purchased. This knowledge from customers is valuable as it feeds into measures to improve products and services. Efforts need to be made to channel this knowledge back into the organizations.

As well, [11] explain Knowledge flows in CRM processes can be classified into three categories: First Knowledge about customers is accumulated to understand motivations of customers and to address them in a personalized way. This includes customer histories, connections, requirements, expectations, and purchasing activity. Second Knowledge for customers is required in CRM processes to satisfy knowledge needs of customers. Third Knowledge from customers is knowledge of customers about products, suppliers and markets. Within interactions with customers this knowledge can be gathered to feed continuous improvement. Based on the above discussion, to control the relationship with customer successfully, it is necessary to understand customer Knowledge flows. Therefore, it is essential to clarify these flows in CRM.

2.2 Knowledge Management Capabilities Needed for Customer Relationship Management

KM can be useful for the success of CRM activity. As a concept, KM is one of the important factors for achievement of CRM in a long term. Study the KM process important of the organization to verify the objective and how achieve this objective. CRM process can be considered as knowledge oriented process with the characteristics of knowledge intensity and process complexity [13]. Furthermore, CRM has emerged as one of the most demanded issues in business because of the value expected from carrying out the CRM in organizations. CRM became an important business process because it touches the most important assets of all organizations, which is the customer. Also, CRM itself is not a new idea but it is turning now to become a practice due to recent advances in organizations software technology. Customer relationship marketing techniques focus on single customers and require the organization to be organized around the customer rather than the product [8].

[4] confirm that the most significant changes in the practice of marketing during the last decade is the shift in emphasis from a transaction orientation customer interaction to the CRM, However, in large organizations, it is not very easy to collect, and transform the customer data necessary for creating systems to support CRM as the basis of the organizations wide customer relationship strategy, In terms of marketing strategies, CRM systems allow organizations to manage customer data, analyze customer relationships to keep existing customers and attract potential new customers. Therefore, the goal of every organization is to get new Customer and keep customers involved in organization Also, retention existing Customer within the organization, and enhancing the relationship with customers to develop the expansion of the customer relationship.

The enhancement of existing relationships is importance to organizations, since attracting new customers is known to be more expensive. Therefore, as part of their CRM strategy, need to Understanding and reacting to changes of customer behaviour is an inevitable aspect of surviving in a competitive and mature market [15].

2.3 Phases of Process for Knowledge

This phase refers to Knowledge Creation which takes creating new knowledge in the organization as its major priority [2]. To achieve the process for Knowledge, we need to go through six sub stages See Table 1 [3].

Table 2: Taxonomy of Process for Knowledge

Main dimension/ KM main process	Sub dimension/ Parts of process	References	
Process for Knowledge	Knowledge Creation	Rationalize	[14] Lai and Chu (2000) [19] Sun and Gang (2006)
		Comprehension	[1] Alavi and Leidner (2001) [5] Bouthillier and Shearer (2002)
		Scrutinize	[18] Sunassee and Sewry (2002) [9] Deng and Yu (2006)
		Develop Confidence	[16] Miltiadis and Pouloudi, (2003) [20] Sun (2004)
		Experimentation	[19] Sun and Gang (2006)
		Validation	[14] Lai and Chu (2000) [19] Sun and Gang (2006)

The first stage is rationalizing the knowledge. A huge amount of information can be obtained, some are relevant and some are not. The rationalization stage can help in obtaining the relevant information for a specific subject. Moreover, Rationalization is a method of employing logic or reason by removing unnecessary things in order to think thoroughly, reveal, clarify and ensure the reliability of the knowledge captured. Additionally, Rationalization is a cognitive process that is concerned with forming something that seems to be consistent with or based on reason. Furthermore, Rationalization is a practical application of knowledge to attain a preferred end. It leads to coordination, efficiency and control over both the physical and social environment. Viewed this way, the Rationalization can help in defending, explaining and clarifying a way or making excuses for something by reasoning. [14] describe that Generation is concerned with identifying what sort of knowledge exists in the organization, who owns it, and who are thought leaders, or gather and importing knowledge from outside or learning from existing knowledge. Knowledge acquisition supports to obtain knowledge. The importance of knowledge acquisition depends on organization culture and objectives [19].

The second stage is comprehension of knowledge. Once knowledge is captured by organizations or individuals, a process of knowledge analysis is carried out via comprehending the content, meaning, importance and purpose of a certain knowledge. Moreover, Knowledge creation process concerned with combining new sources of Knowledge Just in time learning [1]. Also, Creation process contains create of new knowledge, may be accomplished in several ways. First, internal knowledge may be combined with other internal knowledge to create new

knowledge. And secondly, information may be analyzed to create new knowledge [5].

The third stage is scrutinizing knowledge. It focuses on carrying out a careful examination of the content of knowledge in a way to guarantee its accuracy and correctness. This stage focuses on exposing knowledge to a methodical examination in order to inspect it with close attention. Moreover, each organization should emphasize on selecting the suitable Knowledge that meets the demands of its requirements. Additionally, the organizations also needs to identify old and existing knowledge as well as any new knowledge which it might need during the course of the KM effort, and for the business in general [18]. Consequently, identify which knowledge is relevant to the organizations in terms of its KM strategy and its business strategy. It is also essential that the knowledge which has been chosen to be included in the repository is verified, in terms of its relevancy and importance to the organization. Knowledge select means assessing knowledge relevance, value, and accuracy [9].

The forth stage concerns with developing confidence of the knowledge. Once knowledge is scrutinized and finally signals out with proving high standards of accuracy and correctness, the individual or organization starts developing feelings of trust and confidence towards the captured knowledge. Confidence builds up a strong feeling of assurance that facilitates the process of adaptation of knowledge. Enable reuses phase support to adapt and create the Knowledge [16]. Also, Generate the Knowledge includes adapt and or create new knowledge in the organization [20].

The fifth stage is concerned with experimenting knowledge. Knowledge can go through certain experiment for purposes of testing and updating. It is an act of conducting a controlled test or investigation of an idea or concept to examine its reliability. It focuses on performing a procedural test under certain conditions to cover up certain functions such as revealing a recognized truth, examining the validity of a theory, determining the effectiveness of something that has been previously tried, or establishing the efficiency of something that has never been tried before in order to gain experience. Additionally, [19] describe Knowledge ontology design is to formalize the existing knowledge and offer a format for adding new knowledge. Consequently, Knowledge generation is concerned with producing new knowledge. Knowledge generation also occurs when the knowledge cannot be acquired from outside organization.

The sixth stage is knowledge validation. This stage refers to the process of validating the knowledge sources and the information obtained. Many pieces of incorrect information could be found among people based on certain assumptions or unexamined sources to the extent in which they are viewed sometimes as being facts, realities or justified true beliefs. Moreover, Knowledge will be subjected to more validation and testing measurements until finally it is looked at as

being established facts of great value. Additionally, Validation is defined as testing and evaluation of knowledge claims and beliefs. In this regard, the goal of validation is centered on finding out or testing the truth of something to satisfy a certain criterion. Any un-validated knowledge will be subjected to the experimental stage for more testing measurements to discover its truth. The modeling phase is concerned with justifying the generated knowledge [14]. Also, Knowledge evaluation needs to be conducted after the knowledge has been generated internally or acquired from outside [19].

3. Proposed Customer Knowledge Retention Processes

Customer Knowledge Retention Processes refers to the process of retaining existing customer within organization. CRM is often described as a strategy or a set of activities the organizations employs to gain a Competitive advantage. Also, CRM helps organizations make sense of customer needs and help organizations manage these relationships and helps predict the future. Therefore, Customer knowledge retention is very important for the survival of organizations to achieved competitive advantage. To achieve the Customer Knowledge Retention, need to consider the four sub phases given in Table 2 depending on tables 1.

Table 2: Taxonomy of Customer Knowledge Retention

Main dimension/ CKRM process	Sub dimension/ Parts of process		References
Customer Knowledge Retention process	Knowledge process For Customer	Rationalize Customer Knowledge	[14] Lai and Chu (2000) [19] Sun and Gang (2006)
		Comprehension Customer Knowledge	[1] Alavi and Leidner (2001) [5] Bouthillier and Shearer (2002)
		Scrutinize Customer Knowledge	[18] Sunassee and Sewry (2002) [9] Deng and Yu (2006)
		Develop Confidence Customer Knowledge	[16] Miltiadis and Pouloudi (2003) [20] Sun (2004)
		Experimentation Customer Knowledge	[19] Sun and Gang (2006)
		Validation Customer Knowledge	[14] Lai and Chu (2000) [19] Sun and Gang (2006)
	Planning		[12] Kamakura et al., (2005)
	Knowledge for Customer		[6] Bueren et al., (2005) [17] Salomann et al., (2005) [10] Dous et al., (2005) [11] Gibbert et al., (2002)
	Verification		[18] Sunassee and Sewry (2002)

The first phase refers to Knowledge Process for customer. The main objective of this phase is customer knowledge creation. It contains six sub-stages:

The First stage is concerned with rationalization of the customer knowledge. A huge amount of information can be obtained, some are relevant and some are not. A rationalization stage can help obtain the relevant information for a specific subject.

The Second stage deals with Comprehension of customer knowledge. Once knowledge is captured by organization or individuals, a process of comprehending knowledge is conceived by understanding the content, meaning, importance and purpose of the knowledge.

The third stage is scrutinizing customer knowledge. It focuses on careful examination of the content of knowledge to ensure its accuracy and correctness. This stage focuses on exposing knowledge to a methodical examination in order to inspect it with close attention.

The Fourth stage is concerned with developing confidence of the customer knowledge. Once knowledge is scrutinized by individuals, it yields accuracy and correctness. The individual or organization starts developing a feeling of trust and

confidence into the captured knowledge. Confidence builds up a feeling of assurance.

The fifth stage is concerned with the experiment of customer knowledge. The knowledge can go through experiments for testing and updating. It is an act of conducting a controlled test or investigation of an idea to find or discover the truth of something.

The sixth stage is interested in validation of customer knowledge. Any incorrect information could exist among people based on certain assumptions or sources, which become facts and reality or justified true belief.

The second phase is planning which requires itinerary of the actions and procedures needed to achieve the company's objectives. This phase produces Knowledge base called Knowledge for Customer (third phase) which includes the Knowledge needs of the customers in their interaction with the organizations.

The Fourth phase is verification that is concerned with verifying Customer knowledge. If the customer retentions phase does not succeed, the organization needs to go back to Knowledge process for customer stage. If the customer retentions phase works out, the organization moves to the Knowledge Process from customer phase.

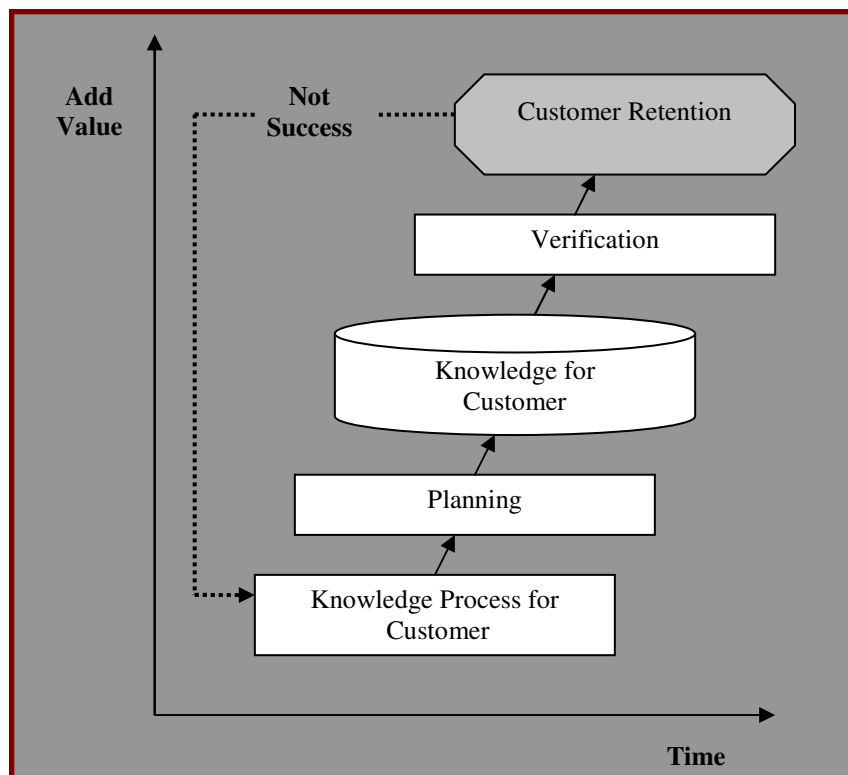


Figure 1: Phases of Customer Knowledge Retention

Based on the above figure, the author takes into consideration the time and value factors to carry out the steps of Customer Knowledge Retention. The relationship between these two factors is that when the time that is needed to carry out the steps of Customer Knowledge Retention increases, the value of Customer Knowledge Retention will become higher.

4. Conclusion

The aim of this paper is to present a conceptual model of customer knowledge retention process. Based on the topic of this research, this paper concluded that customer knowledge retention model would give the broadest analysis of the customer retention. Consequently, the paper describes the role of knowledge process to accomplish customer knowledge retention. This process helps retain customer to provide the members of the organization with real information to react and make the right decisions to gain the competitive advantage. To the best of the author's knowledge, there has not been a customer knowledge retention model given in the literature that describes a more valid process to customer retention. This has encouraged the researchers to investigate all available studies from all available sources. Therefore, this paper contributes to this field by providing a clear model for employing customer knowledge retention process as a model to make reliable, confident, and valid process to keep organizations within competitive environment.

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