The EFFECT OF KNOWLEDGE MANAGEMENT ON CRM PROSPERITY

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ABSTRACT

Knowledge management (KM) and Customer relationship management (CRM) have become the strategic tool for the companies, specifically in the competitive environment. In addition, we found different studies that show high rates of inability to succeed to achieve when performing that strategy, so there is still no integrated conceptual framework to guide companies to their prosperous implementation. In this paper, by using a structural equation model, with data of 306 Iranian hotels, we examine the relationships between KM and CRM prosperity. Results show that when the KM abilities, the CRM technology and the customer-centric direction are integrated into and internalized by the whole organization, the firm create an organizational capability in CRM that is difficult to copy and reproduce and hence a source of sustainable competitive advantage. Model shows that experience in CRM is also an illustrative variable of CRM prosperity, since it has a direct effect on it. The recent findings are consistent with the theory, which gives a special role to internal and organizational outlooks as determinants of the firm’s prosperity. Thus according to this theoretical approach, the efficiency and prosperity of firms will be a function of their abilities, skills and competences in developing a management of the resources that facilitates the creation of sustainable competitive advantages.

Keywords: Knowledge management, Customer relationship management (CRM), prosperity model, Technological/organizational/customer

1. Introduction

Recently, knowledge based economy is described by factors such as increased competitiveness, technological innovation and the global nature of markets (Castells, 1998). In this society, company's should concentrate to knowledge when conducting its business as it becomes a significant factor on which to build a competitive advantage (Salmador& Bueno, 2007). In addition, knowledge is being measured as an important organizational resource and there is growing interest in this concept (Alavi & Leidner, 2001). That is why KM is becoming a research preference by the academic community (Salmador & Bueno, 2007), and one of the areas that companies are allocating a greater share of spending for its implementation (Beijerse, 1999; Call, 2005).CRM literature emphasizes that companies find it more profitable to keep existing customers, by developing long-term relationships than drawing new customers. These relationships are based on customer knowledge and KM and CRM systems improving not only the organization’s capability to interact, and build personalized relationships with customers, but also the ability to increase their knowledge about them (Xu & Walton, 2005).Examining the literature, several studies show that analyze the critical role played by KM initiatives as determinants of the prosperity of CRM (Gebert, Geib, Kolbe, & Brenner, 2003). However, there is a lack of understanding about what are the impacts of those factors on CRM prosperity.In addition, several other studies show high rates of non-performance to achieve when performing that strategy(Rowley, 2002; Xu &
Walton, 2005). So, there is no integrated conceptual framework to direct companies to their prosperity implementation. Therefore, our research problem are the following: Is KM the main factor that determines the prosperity implementation of CRM? Are there other factors that are also related? What is their role in CRM prosperity? Therefore, we analyze in this paper the relationship between KM and CRM from a literature review, suggest a conceptual framework linking KM and other factors with CRM prosperity, and we investigate whether or not it is KM the most related factor affecting CRM prosperity using original data from an empirical study.

CRM overview

As, research on CRM has increased over the past few years (Romano & Fjermestad, 2003), but there are still research needs in different areas: search for an explanation or a acknowledged conceptual framework, analysis of its important dimensions, study of CRM impact on business results, obstacle to its prosperous implementation, development of valid and dependable scales to study the degree of implementation and prosperity of empirical studies on the subject (Parvatiyar & Seth, 2001; Sin, Tse, & Yim, 2005). After examining the literature on the concept of CRM (Plakoyiannaki & Tzokas, 2002), therefore there is not a consensus about a clear conceptual framework of the CRM (Zablah, Bellenger, & Johnston, 2004). Therefore, the concept of CRM, from the literature review, as follows: CRM is a business strategy that goals to found and develop value making relationships with customers based on knowledge. Using IT as an enabler, CRM needs are design of the organization and its procedures to direct the customer, so that by personalizing its products and services, the firm can satisfy customer needs and thereby create long-term, mutually beneficial, loyalty relationships. At the theoretical level CRM offers multiple advantages, but a large number of studies show a high inability to succeed rate in the implementation of this type of strategy (Xu & Walton, 2005). When examining the various causes of these negative results, several authors (Rigby et al., 2002; Starkey & Woodcock, 2002) suggest that one of the main causes of inability to succeed is not integrating CRM into the firm’s strategy. Additionally, Sin et al. (2005) argue that there is no integrative conceptual framework that translates the CRM idea into specific organizational activities and direct firms in how to perform the strategy in a prosperous manner. In view of the high inability to succeed rate in CRM implementation and of the need to improve understanding of why some initiatives are prosperous while others are not (Roh, Ahn, & Han, 2005), there is a need for an descriptive model for CRM prosperity based on knowledge, including the main variables that determine prosperous implementation of the strategy.

CRM and KM

In recent years, companies have integrated CRM and KM attempts because they realize that KM plays an important role in CRM prosperity (Dous, Kolbe, Salomann, & Brenner, 2005). Distinguishing the high value customer is a complicated knowledge task, as is determining the range of profiles among recent customers. Cooperating with customers' needs a strong understand of tacit knowledge exchange, and expecting new customer needs can be delivered capably using statistical methods with technology, but can only be done when the dimension of tacit knowledge exchange (Lambe, 2008). Therefore, CRM procedures are based on large quantity of knowledge (Bueren, Schierholz, Kolbe & Brenner, 2005). CRM is specifically related to the discipline of KM, thus, the existence of sufficient and continually updated dated customer knowledge is important for an effective CRM system (Stefanou, Sarmaniotis, & Stafyla, 2003). Given the important role being played by KM systems in the recent customer of business environment, there is a lack of a simple and framework to integrate the traditional CRM functionalities with the management and implementation of the customer-related knowledge (Beijerse, 1999). Moreover, as Zablah et al. (2004), we see KM as the main sub-process of CRM because, to manage CRM effectively, companies must develop abilities related to customer KM procedures. Since these function are difficult to copy, they can become a source of competitive advantage (Shi & Yip, 2007). Whereas the search for competitive advantage becomes the important factor of recent strategic management, we should note that to collect information about customers in the context of a relationship, and offer those customers a superior value offer based on this knowledge, will be an important advantage, hard to copy. Therefore, it is interesting to note, that, different data or information, knowledge is inserted in people and not in IT (Davenport & Prusak, 1998). The way people capture, share and explain knowledge accumulated in organizational warehouse is very important in operational and strategic business activities aiming at retaining competitive advantage (Stefanou et al., 2003). In this sense, Swan, Newell, and Robertson

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(2000) found issues of people management, rather than IT development, raise central KM restriction. They state there has been an over-emphasis on IT management in KM literature and that KM requires a skilful combination of people, business procedures and IT. Therefore, the relationship of the discipline of CRM with technological abilities and KM is being recognized as an important research field at present that authorizes further research (Dous et al., 2005; Romano & Fjermestad, 2003). In addition, several authors believe that while the majority of CRM research focused on technological outlooks, the important role of KM is beginning to be recognized in research (Lambe, 2008; Shi & Yip, 2007). As a result, we can say that the relationship between CRM and KM is an important issue in Management research (Campbell, 2003; Shi & Yip, 2007). Such is the synergy potential of both ideas that have appeared theoretical models from the integration of both ideas: the models of customer KM (CKM models) (Gebert et al., 2003; Morgan, 2007).

Factors affecting CRM prosperity

Based on a comprehensive literature review on the topic, a prosperity model for CRM implementation was developed, considering KM as main prosperity factor and other four factors mentioned in the literature: organizational factors, technology, customer direction and CRM experience. These factors can have direct or indirect effects on CRM prosperity. A direct effect is measured a direct impact of the factor in the CRM prosperity. An indirect effect is measured an impact in the CRM prosperity not directly but through other factors. From the literature review is unknown whether the measured factors have a direct or indirect effect on CRM prosperity. As a result, and similarly to other previous studies (Eid, 2007; Rohet et al., 2005), in the statistical estimation of the prosperity model both types of effects will be measured.

KM abilities and CRM prosperity

CRM and KM initiatives are directed the distribution of continuous improvement of the customers (Dous et al., 2005). Furthermore, the creation and broadcast of knowledge is strategically significant as one of the fundamental procedures that determine the ability of organizational learning and innovation (Salmador & Bueno, 2007). Because of this, KM will activate a conclusive role when performing CRM, as it includes a change in the organizational vision and therefore a great deal of learning and innovation within the organization. In addition, previously published empirical studies on the subject emphasized KM abilities as the variable that has a more significant impact on CRM prosperity (Love, Edwards, Standing, & Irani, 2009; Sin et al., 2005). As a result, we suggest the following hypothesis:

H1. KM abilities are positively linked to CRM prosperity.

Organizational variables are outlooks to do with human resource management, the organizational structure, and resource allocation. Considering that performing CRM requires changes both in the way a firm is organized and in its business procedures (Sin et al., 2005), any model needs to include a variable measuring the importance and effect of these organizational factors on CRM prosperity. Infact, in order to perform CRM in a prosperous manner firms need to redesign their organization and direct their value chain to the demand (Kotorov, 2002). Thus, the strategy, the organizational structure and the business procedures all need to be transformed to perform CRM, since prosperity in the ambition will depend on creating the right synergy between technological systems, procedures and people (Xu & Walton, 2005). On the other hand, the human factor is important, since even with the best defined procedures and the most advanced technology the relation between people still has a determinant role in the implementation of any business strategy (Mendoza, Marius, Pérez, & GrimJu, 2007). This is why factors such as employee training and motivation and the establishment of suitable reward systems will be determinant in employees’ participation in performing this type of strategy. In addition, the organizational culture will play an important role also in KM: the vision of the organization, rules, structure and reward system are direct the broadcast of knowledge within the company (Racherla & Hu, 2006), and therefore have a direct effect on the prosperous implementation of an ambition of this type.

H2. Organizational variables are positively linked to CRM prosperity.

CRM technological systems should be seen as an important component in performing this type of strategy (Mendoza et al., 2007). As Sin et al. (2005) note, CRM software systems enable firms to offer a customized service with higher quality but at lower cost, so many customer activities would be impossible without the right technology. As a result, to perform the CRM in a prosperous manner the
firm must have the right technology with which to optimize the business procedures included in customer relationships (Chalmeta, 2006). This author also claims that CRM technological systems offer multiple benefits to firms, since they provide a single view of the customers, manage the relationships with customers in an integrated way regardless of the communication channel used, and help the firm improve the efficiency and effectiveness of the procedures included in customer relationships. Despite all the above, however, it is not a good idea to give the technology an excessive role. Instead, the firm should consider it as an enabler of its CRM. We therefore consider the technology as a necessary but not sufficient condition for the prosperity of CRM.

H3. CRM technology is positively linked to CRM prosperity.

Following Narver and Slater’s (1990) conceptual proposition, we assume that customer direction implies having a sufficient understanding of the customers to be able to offer them greater added value. Also, customer direction implies clearly placing the customer at the center of all the firm’s activities in order to progressively build long-term relationships (Bentum & Stone, 2005). This is why this variable is a fundamental component of the organizational climate needed for CRM prosperity: an organization that is strongly directed to the customer will be able to design its procedures better, since that organizational culture is encouraging to improved employee understanding of the customers (Bang, 2005). As a result, a customer direction is an essential prerequisite for the prosperous implementation of CRM (Bentum & Stone, 2005). On this basis, the fourth hypothesis follows:

H4. Customer direction is positively linked to CRM prosperity.

CRM implementation includes a substantial change in both business procedures and in the organization itself, is therefore essential to carry out a proper organizational change management (Shum, Bove, & Auh, 2008). In this sense (Selander, 2006) highlights that in implementing a new technology in an organization, both the management procedures and the structure, culture and organizational routines experience a profound change, which affects the entire organization. Therefore, organizational learning and experience in the development and implementation of the strategy can also decide the effectiveness of it. Also, Campbell (2003) deepened into the internal procedures of organizational learning that includes performing CRM. In this learning process there are four transformations that are specifically related: the process of getting information about customers; the integration of marketing and IT functions; the participation of senior management and the employees’ evaluation and compensation system. Since these transformations are developed progressively, its reasonable that as more time pass since the beginning of the implementation of the strategy, the required organizational learning will be taking place. In addition, Hart, Hogg, and Banerjee (2004) analyzed empirically the effect of the level of experience in CRM in the effectiveness of it, from the viewpoint of organizational learning. They noted that the use of and experience in CRM improved the company’s capability to procure effective results with this ambition, increasing productivity and benefits of CRM with increasing time since its implementation. As a result we suggest the following hypothesis:

H5. CRM experience is positively linked to CRM prosperity.

We had some difficulty in measuring the results of CRM implementation since as various authors (Sin et al., 2005) despite the increasing importance of the CRM idea there is still no validated measurement scale for evaluating its results. Measurement of firm performance is based on an analysis of a limited number of financial measures. But if the aim is to evaluate the impact of a CRM ambition, which seeks to improve customer relationships, any measure of results must also include the viewpoint of the customers (Chang, Liao, & Hsiao, 2005). Authors recommend not using a single indicator to measure the results of CRM implementation, so most models use a two-dimensional measurement scale that includes both financial performance and market performance. Thus we decided to take a dimensional approach to measure the results of CRM implementation, as suggested by authors such as (Chen & Ching, 2004; Li, 2001; Sin et al., 2005). In this work, the financial viewpoint will measure the impact of CRM for the organization in terms of improved profitability or reduced costs, while the marketing viewpoint will capture the value that the strategy create for the firm’s customers, and include measures such as customer maintenance and satisfaction rates.
Research methodology Measurement scale

We designed a questionnaire that was pointed at the Iranian hotel sector. After the data collection, and using investigative and confirmatory factor analyses, we confirm and purified the measurement scale of the suggested model. Finally, we used the structural equation methodology to test the suggested CRM implementation prosperity model empirically. The target population for the study consists of 3–5 star hotels located in Iran. The reason for choosing this sector was that CRM is highly important in the tourism sector, and in particular in the hotel sector due to the necessary close relation with customer. In addition, various authors see this sector as perfectly representative prosperity of the hotel sector was that CRM is highl. We followed the informant methodology in this work, choosing the hotel managers as informants, as in previous studies (Bang, 2005; Li, 2001). The population under analysis consists of 5000 hotels of 3–5 stars, which were sent the link to an online questionnaire by email. We twice sent reminders of the questionnaire to the different hotels in order to increase the response rate. We finally acquired 622 completed questionnaires. Regarding the profile of the respondents, the survey was completed solely by managers. Specifically, we observed how the position of hotel manager was the one with a higher frequency of respondents (65.5%), followed by the marketing director (28.8%). Although the response rate was not very high (13%), is similar to that acquired in other studies in the Iranian hotel sector (Claver, Molina, & Pereira, 2006). Of the total sample of 622 hotels, only 51.2% (306 hotels) were performing a CRM strategy. On this subsample of 306 hotels the suggested model of CRM prosperity was tested. In order to verify that the sample acquired is surely representative of the population, we analyzed the non-response bias. We used the extrapolation method for this, which assumes that the subjects that respond at the end of the data collection process are representative of the non-respondents (Amstrong & Overton, 1977). Thus, we compared the data acquired between the firms responding at the beginning and those responding at the end. We carried out a Mann–Whitney U-test to test the difference of means in all the questionnaire variables. No significant differences existed in the hotel characteristics, or their level of CRM implementation, or in the different model variables, between the two groups of respondents. Thus the conclusion is that non-response bias does not affect the data in this study. To build the measurement scale for the model variables we advised various studies and drew up a list of 294 items to measure these variables. After refinement process, the final scale for measuring the various variables and CRM results consists of 84 items (see Table 1). This scale is validated empirically in the following subsections. A 5-point Likert scale (1 = totally disagree, 5 = totally agree) was used to measure the variables of the model. Except for the CRM experience variable, which was measured considering for how long has been the company performing the strategy (less than one year, 1–2 years, 2–3 years or more than 3 years). The questionnaire was further refined after a pretest conducted with business consultant and 7 researchers in the topic. After confirming that the data available were suitable for use in factor analysis, and in order to evaluate the measurement scale, we analyzed four basic outlooks of the scale (Hair, Anderson, Tatham, & Black, 2004): its conceptual definition, validity, reliability, and dimensionality. The conceptual definition refers to the theoretical bases measured in the scale development. The measurement scale here was built on the basis of a comprehensive analysis of the literature, considering research that defines the nature and structure of the ideas under analysis. The validity of a measurement scale refers to the extent to which the measurement process is error-free. The validity of the scale here was confirmed by considering the different modes of the validity. To ensure content validity, a pretest of the questionnaire was made by seven experts (five researchers in management and two business consultant). Regarding construct validity, as mentioned before, the measurement scale used constructs that had been recognized and used in previous studies and theories. To ensure the convergent and discriminant validity, the correlation matrix between variables of the questionnaire was examined, verifying that surely the correlations between variables of the same construct were shown to be higher than correlations between different constructs. Finally, with regard to external validity, the sampling technique used (random sampling) allows that the results are generalizable to the population. We used a reliability coefficient, the Cronbach alpha to analyze the reliability of the scale. This coefficient evaluates the consistency of the entire scale, and is the most commonly used measure (Hair et al., 2004). The Cronbach alpha is close to 0.9 for all the variables, which confirms the scale reliability. Finally, in order to analyze the dimensionality, we carried out a principal components investigation factor analysis. This analysis resulted in a factor model consisting of 10 factors made up of the 84 observed variables. Thus
both KM and CRM results are bi-dimensional, in other words, they consist of two factors. The bi-dimensionality of CRM results was predicted at the theoretical level, the concept including both financial and marketing performance, as mentioned above. Regarding KM, in the literature we found different studies considering KM as a multidimensional concept (Sin et al., 2005). Our empirical results show the concept to be bi-dimensional, so KM was divided into two groups of factors: knowledge acquisition and application, and knowledge diffusion abilities. This division will be measured when estimating the model.

Table 1

Measurement scale items for model variables.

<table>
<thead>
<tr>
<th>Knowledge management abilities (Li, 2001; Chen &amp; Ching, 2004; Sin et al., 2005)</th>
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<tbody>
<tr>
<td><strong>1. Knowledge acquisition and implementation</strong></td>
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<tr>
<td>Firm has recognized procedures to obtain knowledge about customers</td>
<td></td>
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<tr>
<td>Firm has recognized procedures to obtain knowledge for development of new products and services</td>
<td></td>
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<tr>
<td>Firm has recognized procedures to obtain knowledge about its competitors</td>
<td></td>
</tr>
<tr>
<td>Firm has recognized procedures to apply knowledge to resolve new problems</td>
<td></td>
</tr>
<tr>
<td>Firm can furnish real information about customers and precise interaction with them</td>
<td></td>
</tr>
<tr>
<td><strong>2. Knowledge diffusion</strong></td>
<td></td>
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<tr>
<td>Firm encourages employees to share knowledge</td>
<td></td>
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<tr>
<td>Firm’s organizational culture motivates acquisition of knowledge and transmission between employees</td>
<td></td>
</tr>
<tr>
<td>Firm has designed procedures to facilitate knowledge transmission between the different functional areas</td>
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<table>
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<tr>
<th>Organizational variables (Li, 2001; Sin et al., 2005)</th>
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<tr>
<td><strong>1. Employees</strong></td>
<td></td>
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<tr>
<td>Firm has expert employees and resources needed to achieve in CRM strategy</td>
<td></td>
</tr>
<tr>
<td>Employee performance is measured and rewarded on basis of discovery of customer needs and customer satisfaction with service received</td>
<td></td>
</tr>
<tr>
<td>Firm motivates employees to submit with CRM objectives</td>
<td></td>
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<tr>
<td><strong>2. Organizational structure</strong></td>
<td></td>
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<tr>
<td>Organizational structure is designed following customer-centric approach</td>
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<tr>
<td>The different departments work together to achieve CRM objectives</td>
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<tr>
<th>CRM technology (Chang et al., 2005; Li, 2001; Sin et al., 2005)</th>
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<tbody>
<tr>
<td>1. Firm has right technical staff to furnish technical support for use of CRM technology in building customer relationships</td>
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</tbody>
</table>
2. Firm has right hardware to serve its customers

3. Firm has right software to serve its customers

**Customer orientation** (Narver and Slater, 1990; Sin et al., 2005)

1. Firm’s business objectives are directed to customer satisfaction

2. Firm’s competitive advantage is based on understanding customer needs

3. Firm pays great attention to after-sales service

4. Firm frequently measures customer satisfaction

**CRM results** (Bang, 2005; Li, 2001; Sin et al., 2005)

1. **Financial results**
   - Profitability; Growth in sales; Growth in market share

2. **Marketing results**
   - Trust; Perceived customer satisfaction; Customer loyalty

**CRM experience** (Hart et al., 2004)

For how long has been the company implementing the strategy

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**Structural model testing**

We carried out a confirmatory factor analysis to civilize the measurement scale conclusively. This analysis resulted in a scale consisting of 64 indicators, which shows higher levels of validity and reliability than the scale suggested initially, so we used it to estimate the model. In order to test the suggested hypotheses, we followed a structural equation methodology, which authorized us to evaluate the suitability of the theoretical model under analysis with respect to the empirical data, and examine the significance of specific hypotheses. The data were not normal (the normalized Mardia coefficient of multivariate kurtosis equals 38.10 > 1.94), so we used the statistics package EQS 6.1 to estimate the SEM model. This software can be used to estimate robust goodness-of-fit indicators as well as the robust chi-square statistic (Satorra–Bentler scaled statistic), which corrects the chi-square when the variables are non-normal (Satorra & Bentler, 1994, 2001). First, in an investigative way, we continued to estimate a preliminary model which contained only the direct effects of the variables in the prosperity of CRM. As it was explained earlier in the paper, it was not clear if the factors affect directly or indirectly CRM prosperity. Moreover, the model were included correlations between latent variables. To evaluate the structural model, we analyzed the significance of the model parameters, using robust statistics. In this case, only two parameters were significant at the 0.05 level, and the one relating organizational variables to CRM prosperity had the most related effect. Regarding that the structural model does not have a sufficient fit, we decided to re-specify the model on the basis of the acquired results and of the underlying theory. Secondly, with the goal of improving the model, we decided to introduce the organizational variables as a mediatory variable that intervenes the effect of KM, technology and customer direction on CRM results. We observed that the modification led to some improvement in the measures of overall fit of the model.
Table 2
Goodness-of-fit indicators of the improved model

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
<th>Recommended value</th>
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<tbody>
<tr>
<td>Satorra-Bentler chi-square</td>
<td>p = 0.00006</td>
<td>P ≥0.05</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.044</td>
<td>≤ 0.05</td>
</tr>
<tr>
<td>RMSEA confidence interval</td>
<td>(0.029, 0.052)</td>
<td>narrow</td>
</tr>
<tr>
<td>NNFI</td>
<td>0.906</td>
<td>≥0.9</td>
</tr>
<tr>
<td>IFI</td>
<td>0.911</td>
<td>≥0.9</td>
</tr>
<tr>
<td>CFI</td>
<td>0.913</td>
<td>≥0.9</td>
</tr>
<tr>
<td>Normed chi-square</td>
<td>1.276</td>
<td>&gt;1; &lt; 2</td>
</tr>
<tr>
<td>AIC</td>
<td>−291.238</td>
<td>Small values</td>
</tr>
</tbody>
</table>

Table 2 shows the measures used and the fit of the improved model. Although the chi-square was non-significant (p < 0.05), considering the limitations of this measure we change position to other indicators to analyze the model’s goodness of fit. As the table shows, the other indicators were all at acceptable levels. According to the measurement model, we examined the significance of the loads in the model and the measures of reliability and variance extracted of the constructs. These exceed the recommended values comfortably, so the measurement model was sufficient. Finally, evaluating the fit of the structural model, we observed that, in this case, all the coefficients of estimate in these equations were significant. (Fig. 1). All the t-values (important ratios) exceed the reference value of 1.92 for a significance level of 0.05, which means that the estimated coefficients were statistically significant (robust statistics were used in these calculations). In addition, the coefficient of determination of CRM prosperity rises to 0.626, which means that 60.5% of the variability of them was explained by the improved model.
Analysis of results

In general terms, we have found positive effects in CRM prosperity of all suggested factors (KM, organizational, technological, customer direction and CRM experience). However, contradictory to the idea of KM abilities being the most important factors affecting CRM prosperity, the organizational variables arise as the most determinant, as they have an intervening effect in the relation of the other factors and CRM prosperity. In addition we found the organizational variables (strategy, top management support, organizational structure, human resources) to be the important prosperity factors for CRM (Mendoza et al., 2007). The estimated model shows that the organizational variables are antecedents of CRM prosperity and are, in turn, affected by the variables KM, CRM technology and customer direction. As a result, hypothesis H2 was accepted. On the other hand, the variables KM, CRM technology and customer only have an indirect effect on CRM prosperity, meaning that they impact CRM prosperity affecting the organizational variables. Therefore, hypotheses 1, 3, and 4 were only partly
confirmed, since these variables only impacted CRM prosperity in an indirect way. Therefore we found that the KM process is highly dependent upon the human resources of a firm and other organizational variables (Zablah et al. 2004). Moreover, CRM experience also had a direct effect on CRM prosperity, so the hypothesis H5 was confirmed (Hart et al. 2004). In a similar manner, they found that using CRM and having experience in the strategy improve the firm’s ability to acquire effective results from this strategy, and that productivity and the benefits of CRM increase the longer firms have been using the strategy.

5. Conclusions

Results of the research model confirm the fundamental role of the organizational factors in the implementation of CRM. Although the work has emphasized the role of KM as the important determinant of CRM prosperity, according to our analysis, the organizational variables are the real preceding of it, since they intervene the effect of the rest of the variables (including KM abilities, technological and customer direction factors) on CRM prosperity. These findings show that even if the firm carries out KM initiatives, obtain advanced technology and tries to generate customer-centric direction, these initiatives are not integrated into the organization, the firm does not redesign its organizational structure or procedures, organization members do not all participate in the project, and change is not lead properly, the implementation of CRM will not be prosperous. Moreover, although we consider CRM as an IT-enabled business strategy, the analysis shows that introducing KM initiatives or CRM technologies does not generate advantages for the firm or translate into a positive impact on the results. Examining the results acquired here from the resource-based viewpoint, the recent findings are consistent with that theory, which gives a special role to internal and organizational outlooks as determinants of the firm’s prosperity. Thus according to this theoretical approach, the efficiency and prosperity of firms will be a function of their abilities, skills and competences in developing a management of the resources that facilitates the creation of sustainable competitive advantages (Grant, 1991). In our case, the results show that only when the KM abilities, the CRM technology and the customer-centric direction are integrated into and internalized by the whole organization. Finally, analysis of the model shows that experience in CRM is also an illustrative variable of CRM prosperity, since it has a direct effect on it. In other words, the results show that as firms use CRM, organizational learning that helps them to use the strategy more efficiently, and so the results of the strategy improve. As a result, these results provide empirical evidence that CRM is a long-term strategy, so that as firms become experienced in the strategy, organizational learning takes place, as well as the organizational change necessary for the firm to benefit from an improvement in the effectiveness and the results of CRM. Regarding the limitations, first, the use of cross-sectional data prevents us from investigating the development in time of the phenomenon under analysis. Second, although the sample is similar to the previous studies of the sector. In order to solve, partially, this problem we used a random sampling technique in order to get statistically significant data from the population. Third, the empirical study has focused specifically on the Iranian hotel sector, so the results acquired here may not be entirely generalizable to other sectors of activity or other countries. The first possible future line of research is to carry out studies using larger samples and longitudinal data that allow us to explain better the observed relationships and their temporal evolution. Studies at the international level would also be useful in order to test the validity of the model using data from other countries. Another possibility is to design empirical studies that consider the perceptions of the various agents included in developing CRM: managers, employees, and customers. Future research could also add new descriptive variables to the model. Four, the use of managerial perceptions to evaluate the different model variables and the results of CRM could be measured also as a limitation. Asking to more people in the same company and using other methods (financial data) to measure CRM prosperity would help to solve this issue.
References

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