

To Study the Effect of Knowledge Management on CRM

Dr. Sandeep Kumar Tiwari¹

Reader, School of studies in Mathematics, Vikram University, Ujjain, M.P.,
Mobile: 9424958805, email: skt_tiwari75@yahoo.com

Ms. Sopnamayee Acharya²

Asst. Prof., Institute of Business Management & Research,
IPS Academy, Indore. Mobile: 9827267412, Email: sopra75@gmail.com

ABSTRACT

This paper is studying on the effect of Knowledge Management on success of Customer relationship management in State Bank of India, Indore with using of SPSS software. Also collecting data is done through questionnaire and inferential statistics including Pearson's correlation test is used for answering to the question and research hypothesis. Finally researcher concluded that the hypothesis is confirmed and concluded that capabilities of Knowledge management has positive relationship with success of customer relationship management and Knowledge Management is as main factor for determining the successful implementation of Relationship Management with Customer.

Key words: Knowledge Management, Customer Relationship Management, Capabilities of Knowledge Management, Pearson's Correlation.

Introduction :

The emergence of information technology not only caused interesting to the manner for achieving to data and its recording and extraction, but also was effective about knowledge and its management (Asllani & Iuthans, 2003). In post-industrial society, knowledge is important source of economy. Increasing of customers' demanding for improving quality and innovation in production put pressure on factories, so incidence of threats from global competitors leads to lower prices for products and services. These related challenges to improve the quality, innovation and pressure for reducing the products' price forced the companies to redesign their business processes (Dous and et al, 2005). The only reliable source of stability in competition is knowledge in economy that unreliability is more clear (Nokada, 1998). In fact, knowledge is the most important strategic resource and ability for its acquisition and development causes its sharing and it causes creation of advantages for maintaining the competitiveness (Grant, 1996), because valuable knowledge strengthens the traditional resources and assets as new and differentiated form and because of that will be valuable for customers. Ability to create knowledge and continuity of its learning can be has competitive profit, because modern creatively knowledge will form the core of future knowledge (Zack, 1999).

In recent years, organizational efforts have been focused on knowledge management. This management is as one the important managements. This management included focusing on employers' knowledge about customers, competitors, products and services in an organization (Gibbert and et al, 2002).

Actually; knowledge management is about encouraging people for sharing of information, knowledge and ideas to produce the products and services with higher value. So, perspective of knowledge management was within an organization and an advantage of knowledge management is to create customers' satisfaction through better service.

Davenport 1998, believes that knowledge management is trying to discovery hidden asset in individual mind and convert it to organizational assets, so that wide range of people who are involved organization's decision making access to this asset and be able to use it. But as the companies expressed the competence of internal knowledge management and using it in order to achieve to organizational goals and have been focused on new sources of knowledge which these resources necessarily do not find within their company (Paquette, 2006). With considering knowledge as a key factor of competitiveness in the global economy, it possible that companies follow the main element which is called customer knowledge. In addition, customer knowledge processing is combining with relationship management with customer that its aim is retain the customers in business process. Generally, two main steps are identified in the customer relationship management until

finally occurs what was expected. One of these is changing of focusing on transactions toward relationships with customers, merchants and their developing and another one is focusing on customer retention instead of retail. Totally, marketing relationship can be consider as efforts for identifying, maintaining and building a communication network with private customers and strengthen this network in order to be valuable for both. Also relationship management with customer is advanced step for collecting information about customers order to understanding and influencing on customers' behavior. Even though many researchers remind us that 80% of the measures have failed in customer relationship management, but totally customer relationship management is probably one of the most well-known views of management in a past decade (Rollins and et al, 2005).

In recent years, companies integrated customer relationship management and its knowledge management because they have learned that knowledge management has major role in success of customer relationship management. Identifying a valuable customer is a complex task of knowledge because determines features range among current customers. Technology can be effective but knowledge management provides power of technology information processing for effective usage. Prediction of new customers' needs can be transfer with using of statistical methods with technology completely but it happen when conceptual knowledge exchange and allocation are used. So the processes of customer relationship management are based on high volume of knowledge. Customer Relationship Management has close relationship with principles of knowledge management. Thus existence of to date and sufficient customer knowledge is important for effective customer relationship management system. With that knowledge management systems have an important role about current customer-centered trade, there is lacking of a simple and general principle for integrating the traditional customer relationship management functions with management and application of customer Knowledge.

In addition, according to (Zabala and et al, 2004), knowledge management is as main micro process of customer relationship management because for effective management about customer relationship management companies should develop related abilities about processes of customer knowledge management. Because these capacities are difficult imitating that can be an advantage source of competitive. From the sources, valuable customer knowledge which is capital rare for trading that responds quickly to customer's needs and regulated by market's changing. While the current strategic management is main factor for competitive advantage, we should point out that collecting information about customers about relationships and customers' offer about valuation matter is as main advantage which is difficult to imitate. The goals of present research include determination of impact of knowledge management on success of customer relationship management, determination of impact of knowledge management capabilities on success of customer relationship management.

Research Background :

Knowledge management

Knowledge management is about ability of an organization in using of intellectual capital means experience and knowledge of the individual and collective knowledge in order to achieve its goals through the process of knowledge production ,knowledge sharing and using it with technology. Principles of knowledge management include development, implementation and maintaining the technical and organizational infrastructures as obligation to publish and select the specific technologies (Norozian, 2005).

Customer relationship management

Customer relationship management is a business process which base on all customer specifications identifies the pattern of customer behavior and leads to customer knowledge. Customer Relationship Management forms the relationships with customer and will be effective about products or services. From a view the customer relationship management is defined by four elements of a simple framework such as knowledge, purpose, sale and service (Rygielsk, 2002).

Knowledge management capabilities

Knowledge management capabilities is about organization ability to get management, customers' information transmission in real time, products and services for improving to response to customer and faster decision making based on reliable information.

In the following we will mention domestic and foreign experimental studies about knowledge management and customer relationship management.

Darroch 2003, studied on activities of knowledge management and performance of manufacturing enterprises with more than 50 workers with using of questionnaire.

The results indicate there is significant and positive relationship between activities of knowledge management and organization's performance and innovation. Cavusqil, et al 2003, believed that capability of knowledge management is as major element of innovation in the organization in sharing of implicit knowledge. Lin & Tseng 2005, studied on the effect of gap in the knowledge management system on the organizational performance with identifying of 5gap in system in the 681 large organizations in Taiwan. The results of this research showed there is significant correlation between these performances and activities of organization's knowledge management. Tin change and Shu chuang 2011, in their paper about implementation of knowledge management found that ability and strategy have positive relationship with process of knowledge management. Gholamian and et al,2006 in a research with this title ' Knowledge Management about customer relationship', concluded that customers' knowledge management which makes it possible for organizations that with higher probability could identify opportunities in market and increase its competitive advantage. Knowledge management focused on common benefit between customers and organization. Akhavan and Heydari 2007, in their research about 'Customer Relationship Management with Knowledge Management Approach', found that knowledge management system manages organizational knowledge through establishment, structuring, distribution and using of knowledge for improving organizational performance and creation of value. According to important role of knowledge management systems in current business environment, this seems to be more important when occurs about customer orientation.

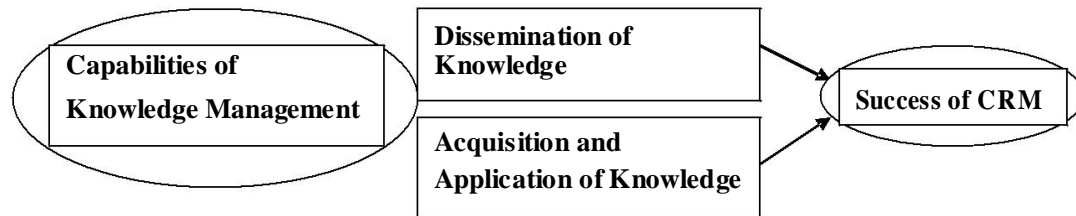
Therefore , correct process of customer relationship management only when is possible that be integrated with process of knowledge management till creates the processes of empowered customer relationship management with knowledge which provides this possibility that organization could evaluate important criteria of business such as customer satisfaction, usefulness of customer, customer loyalty for supporting of commercial decision. Hasanpour 2010, in a research about ' Customer Relationship Management' expressed that in order to growth and survival in the global competition the role of customer should be important for companies and improve their relationship with purchasers of goods and services. For this purpose can use of strategy about customer relationship management which is a strategy and tool in order to respond to demands and customer satisfaction also achieving to organization's goals.

Hossein Raja 2011, in his research about 'Knowledge Management in Customer Relationship Management', believed that knowledge is an important factor in the economy, but also should attention to another important factor for success in the business market which is called customer. In new business processes, customer satisfaction has important status on about organizations' goals and managers know that their success in achieving the goals of the organization depends on customer satisfaction. Customer knowledge management by focusing on customer and their satisfaction causes more benefit to the organization also increasing of competitive advantage. Mehdi Parvizi 2011, in a research studied about 'Relationship of Knowledge management with Electronic Customer Relationship Management in branches of Bank Mellat'.

He according to Ferika's model 2000,evaluated knowledge management in organization and with using of Galbraith and Rogers Model 1999, he studied on possible relationship between customer relationship management in branches of Bank Mellat in Kermanshah province. The results of hypotheses showed that Spearman correlation coefficient was about 0.226 between knowledge management and customer relationship management and their relationship was confirmed in five percent level. Adel Salavati and et al 2011, studied about 'Effects of Knowledge Management on Customer Relationship Management in Refah bank'. The findings indicated knowledge management through knowledge sources has significant and positive effect on different aspects of customer relationship management means customer satisfaction, customer loyalty, to attract customers and interaction with customers. Based on the findings most effectiveness of knowledge management was on customer satisfaction and variables such as loyalty, attraction and interaction with customers take place in other ranks.

Shamsoldin Nazemi and et al 2011, studied on a research with this title 'Effects of organizational characteristics on the process of adoption the Customer Relationship Management'. So processing of data with using of analysis method suggested that firstly the role of benefits of customer relationship management is confirmed about influence of organizational characteristics on adoption of customer relationship management. Secondly, the findings emphasized that organizational characteristics had determining effect on understanding the advantages also adoption of customer relationship management technology.

Conceptual Model :



The question of the research:

Is the knowledge management as main factor for determining the successful implementation of customer relationship management?

The hypotheses of Research

H_a: The capabilities of knowledge management have a positive effect on success of Customer Relationship Management.

Methodology :

The method of collecting data is through field and instrument for collecting is questionnaire. The statistical population of this paper consists of employees about 200 persons from the State Bank of India, Indore that were selected 120 persons through simple random sampling as statistical sample.

The method of data analyzing is Pearson correlation test. In this study we used opinions of faculties also experts and questionnaire's respondents for ensuring the validity of tools for collecting data. Also reliability of questionnaire was measured by Cronbach's reliability test. Cronbach's alpha obtained about 0.86 and above 0.7. So the present questionnaire has sufficient reliability.

Data Analyzing :

Descriptive statistics

46.4% of respondents are male and 53.6% are female. Also 31.1% of respondents are between 22 to 28 years old, 56.2% are between 29 to 35 years old, 5.7% are between 36 to 46 and 7% are over 46 years old. Thus, as it is clear most of the population is between 29 to 35 years old. According to information from questionnaire we realize that among 120 persons who their questionnaire analyzed, 2.3% were in Diploma degree and with lower degree, 7.7% associate's degree, 83.1% were in Bachelor rank and 6.9% were in master degree and above. Higher percentage is related to Bachelor. Also 11.5% were managers and 88.5% were employs. Also 60.8% of persons have 1 to 5 years experience in their job, 36.2% have 5 to 10 years and 3.1% have over 10 years experience in their job. Most people have experience between 1 to 5 years.

Inferential statistics

In this paper was used of Pearson correlation test to investigate the hypothesis and data analyzing.

Pearson correlation test

In present research was used of Pearson's correlation test for studying on the relationship between variables.

H_a: The capabilities of knowledge management have a positive effect on success of Customer Relationship Management.

H₀: There is no significant relationship between capabilities of Knowledge management and success of Customer Relationship Management.

Table 1: Correlation between capabilities of knowledge management with success of Customer Relationship Management

		Success of Customer Relationship Management	Capabilities of knowledge management
Capabilities of knowledge management	Pearson Correlation	0.622*	1
	Significant(2-tailed)	0.000	
	N	115	115
Success of Customer Relationship Management	Pearson Correlation	1	0.622*
	Significant(2-tailed)		0.000
	N	115	115

As shown in the table Significant level is zero and is less than 0.05, it indicates that there is significant relationship between this item with success of customer relationship management and correlation coefficient is 0.62 which shows positive relationship between these two variables and this relationship is moderate.

Conclusion :

Present paper is about effect of knowledge management on success of customer relationship management in State Bank of India, Indore. Also was used of inferential statistics for answering to the questions and research's hypothesis and the hypothesis was confirmed. So can be concluded that capabilities of knowledge management have positive relationship with success of customer relationship management. As a result, in order to successful customer relationship management can do many effective measures in order to improve the above dimensions. But monitoring and evaluation in the country's administrative system influenced by relationships between devices and executive managers and hence do not any efforts in reflection of actual results of evaluation. It seems that it is an absolute necessity till during the creation of the necessary theoretical background to perform evaluations, the results of evaluation be published actually till researchers could do their research based on information which are more real. Thus the results of the researches could be effective in increasing of efficiency of executive and administrative system of the country. Lacking of managers' knowledge about major items for management and planning appropriate programs to devote the necessary time to main activity cause a considerable part of managers' time allocated to daily issues and for planning necessary programs in order to predict the environmental matters and adoption of necessary measures for organization in order to dealing with unwanted and harmful changes then they do not have any time or they have little time for monitoring these issues.

Customers want desirable and better services by the banks. The system of customer relationship management can be helpful for responding to customer expectations. There are different and reliable perspectives about knowledge management which using of each of approaches will have different results. It is suggested that these approaches be considered in future papers.

Some Limitations Of Present Paper Are As Follows:

This paper did by managers and employees' ideas from State Bank of Indore. Existence of secondary and published information about each of these components can be made better results and estimations. In this paper, has been used of questionnaires and surveys according to lacking of this information.

One of the limitations of research can be inherent limitation of questionnaire. Generally respondents express their perceptions and mentalities as desired response and according to this matter that whatever that perceived from external realities do not adapt with whatever that are real, it is possible that presented responses create some biases. Actually through questionnaire perception or reality will be measured and it is possible that responses which are based on audience perception do not coincide with realities and this matter can affect on the results of research.

Also mentalities, perceptions, interests, characteristics, knowledge of researcher and other personal characteristics such as ability to interact with others and so on affect on making hypothesis, designing the questions, questionnaire, communication with others and analysis also because of interests and tendencies are effective on research. It should be mentioned that these factors also affected on this paper that these effects should be considered as limitations of the research.

References :

- **Abesi S and et al (2011)**, 'Identification and prioritization of favorable factors and studying on existing conditions about implementation of Customer Relationship Management'. Case Study: Insurance Company Entrepreneur. Journal of Management. The fourth year, No.11.
- **Akhavan P and Heydari S (2007)**, 'Customer relationship management with approach of knowledge management'. Fourth International Conference on Information and Communication Technology Management.
- **Asllani A, Luthans F (2003)**, "What knowledge managers really do: an emperical study and comparative analysis", Journal of knowledge management, Vol.7.No.3, pp 53-66.
- **Beygi NR (2010)**, "Designing needed infrastructure model In order to implement the Knowledge Management in Organization". Journal of Change Management. Third year. No 5.
- **Cavusqil, et al (2003)** 'Tacit knowledge transfer and firm innovation capability' Journal of Business and Industrial Marketing 18: 6-21.
- **Darroch (2003)**, "Developing a measure of knowledge management behaviors and practices", Journal of Knowledge Management, Vol. 7,Iss: 5...
- **Davenport (1998)**, Davenport, T. H., & Klahr, P. (1998, Spring 1998). Managing Customer Support .Knowledge. California Management Review 40.
- **Dous and et al, (2005)**, 'Knowledge Management Capabilities in CRM: Making Knowledge For, from and about Customers Work'. Paper presented at the Eleventh Americas Conference on Information Systems, Omaha, NE, USA.
- **Gholamian MR and et al, (2006)**, 'Knowledge of Customer Relationship Management', Monthly management. Seventeenth year.No.178.
- **Gibbert and et al, (2002)**, "Five styles of customer knowledge management and how smart companies use them to create value". European management Journal, Vol20.No 7. Eur, manage.J.20:pp.459-465.
- **Grant (1996)**, 'Prospering in dynamically competitive environments: Organizations capability as knowledge integration", Organizational science, Vol 7-4, pp375-387.
- **Hassanpour E (2010)**, "Customer Relationship Management". Published in Managers Association of Management Paper.
- **Karami M and Esmailpour (2011)**, "Effects of Implementation of Customer Relationship Management on their satisfaction through Relationship marketing". Published by Engineer Artakhe, in 2011.
- **Lin, C. H., & Tseng, S. M. (2005)**. The implementation gaps for the Knowledge management system. Industrial Management & Data System, 105(2), 208–222.
- **Nazemi Sh and et al (2011)**, 'Studying on effect of organizational characteristics on the Process of adoption of Customer Relationship Management, about Imported cars in Mashhad'. Journal of Management, The fourth year.No.13.
- **Nokada I, (1998)**, "The knowledge-creating company". Harvard business review on knowledge management, Harvard business school publishing, Boston.

- **Norozian M (2005)**, “Application of Knowledge Management in the Public Sector”. Publication of Management.No.156.pp:24-29.
- **Paquette, S. (2006)**. Customer Knowledge Management, Encyclopedia of Knowledge. Management: Idea Group Inc.
- **Parvizi M (2011)**, 'Studying on the Relationship of knowledge management with Electronic customer relationship management, in the branches of Mellat bank in Kermanshah Province. Fourth International Conference on Marketing of Banking Services.
- **Raja seyed H (2011)**, 'Knowledge Management in Customer Relationship Management'. Second National Conference on strategies for economic development based on regional planning.
- **Rollins and et al, (2005)**, 'Customer Knowledge Management competence:towards a theoretical framework'. Paper presented at the 38th Hawaii International Conference on System Sciences, Hawaii.
- **Rygielsk, (2002)** Data mining techniques for customer relationship management.C. Rygielski et al. / Technology in Society 24 (2002) 483–502.
- **Salavati A and et al (2011)**, 'studying on Effects of Knowledge Management on Customer Relationship Management in Refah bank of Kurdistan'. Management beyond, page 59 to 75.
- **Tin-Chang Chang, Shu-Hui Chuang, (2011)**, Performance implications of knowledge management processes: Examining the roles of infrastructure capability and business strategy, Expert Systems. With Applications, Volume 38, Issue 5, May, Pages 6170-6178.
- **Tseng Sh (2008)**, “Knowledge management system performance measure index”. Expert syst with applications 35.Issues 1-2.July-August 2008.Page 561.
- **Zabala and et al, (2004)** 'An Evaluation of Divergent Perspectives on Customer Relationship Management: Towards a common understanding of an emerging phenomenon”, Industrial Marketing Management, 33(6), 475-489.
- **Zack, M. (1999)**. "Competing on Knowledge", 2000 Handbook of Business Strategy. New York: Faulkner & Gray, pp.