

# Impact of Knowledge Management on Success of Customer Relationship Management (Staff, Leadership, Organizational Structure)

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## Abstract

The aim of this study was to analyze the impact of knowledge management on success of customer relationship management: mediating impacts of organizational factors (staffs, leadership, organizational structure) in capital bank by descriptive-correlation method. Accordingly, to measure knowledge management, the Fang and Choai (2009) questionnaire was applied, to evaluate organizational variables (staffs, leadership, organizational structure), Greve & Albers (2006) questionnaire was used and to assess technology of customer relationship management, Chang et al (2006) questionnaire was employed and regarding success of customer relationship management, Bang (2005) and Chen and Chung (2004) questionnaires were used. The population of this study included all staffs of capital bank in Tehran city that were 642 staffs which based on Cochran formula, 240 staffs were selected by cluster sampling. To analyze data, Pearson correlation test and structural equation model were employed by using SPSS and AMOS software. The obtained results of this study indicated that the knowledge management affected significantly on organizational factors (staffs, leadership, organizational structure). Furthermore, the technology of interaction management affected significantly on success of customer relationship management and also technology of customer relationship management influenced significantly on organizational factors (staffs, leadership, organizational structure). Organizational factors (staffs, leadership, organizational structure) affected significantly on success of customer relationship management. The findings of this study showed that the knowledge management did not affect significantly on success of customer relationship management. Technology of customer relationship management by mediating variable of organizational factors did not affect significantly on success of customer relationship management.

**Keywords:** knowledge management, customer relationship management, organizational factors

## 1. Introduction

With rapid changes in competitive businesses, many companies implemented information technology based systems and developed applicable programs of electronic businesses like programming organizational resources, customer relationship management, knowledge management and supply chain management to increase competitive advantages (Junk, 2011). Today, customers are more intelligent, powerful and informed and the origin of considering interaction management with customers is to make relations with customers closer and deeper. Enthusiasm and capability for behavior change toward customer is based on what customer tells to you and what are you knowing about the customer. In other words, customer relationship management is defined as integrated strategy of costumer for effective customer management with providing improved product and increasing customer life which this case shows the relationship between customer strategy and customer behaviors (Wuv & Yung, 2009).

Knowledge is an important organizational resource which provides the stable competitive advantage in dynamic economic competition (Wang and Now, 2010). Most modern organizations perceived that to achieve added value from knowledge assets, they should put them on stream. In this way, the knowledge management as activity with the aim of knowledge attraction, saving and sharing, is so necessary for businesses processes by various methods

(Majewski et al., 2011). As a knowledge-oriented activity, knowledge management is a fundamental instrument that by this way, staffs can help knowledge, innovation programs and as a result competitive advantage of organization (Wang and Nou, 2010). Saved knowledge in system became a permanent usable sources and provided a stable competitive advantage for organization (Huysman and Wolf, 2006). In a world full of recent competition whose most common feature is speed in environmental changes, relying only on physical and clear assets cannot achieve the organizations to desirable purpose. In fact, if the persons and organizations and also different public and private institutes want to maintain its recent position in competitive environment governing on society or improve itself, they require to value their and other intellectual assets more and more. Accordingly, since end of 1990s, knowledge management as a modern managerial method, became the main issue of management texts and other fields. In fact, this method is a complement of other managerial methods and today, the successful organizations perceived that the concept of knowledge management is considered as the most important assets for them to change staff knowledge (human asset) to common assets of organizations (structural intellectual asset) (Chaw and Chun, 2008).

## **2. Theoretical Concepts**

### *2.1 Knowledge Management*

Knowledge management was known as a process in which an organization produces, achieve, capture and employ knowledge to promote organization efficiency (Chang., Hung, & Tseng, 2009). Since knowledge has an important strategic role, most companies and organizations employed knowledge management and organizational learning effectively due to competitive advantage of knowledge and its leverage. Organizational learning has been considered increasingly among organizations that are interested in increasing competitive advantage, innovation and effectiveness and different scholars have been analyzed by various approaches. Arjeris known organizational learning by sharing knowledge, beliefs and hypotheses among persons and groups (Graham, 2006).

### *2.2 Customer Relationship Management*

Customer relationship management as a process includes customer monitoring (such as collecting their appropriate data), data management and evaluation and as a result real advantage creation from extracted data in interacting with them (Hammer & Swatman, 2006). Companies that employed customer relationship management, are applicable in automation volume of customer profile, service provision, one to one speech and automated locks in financial data streams (like managerial numbers) that results in cost reduction of operations and benefit increasing. Furthermore, staff training and customer feedback should be considered as the backbone of the successful implementation of customer relationship management strategy (Tannur, 2009). Customer relationship management strategy is not inimitable, because, the required sources for implementing customer relationship management in an organization include not only touchable hardware and software, but also the numbers of intangible factors such as people (staffs and clerks), processes, organization and culture ( Kim et al, 2010).

### *2.3 Organizational Factors (Staffs, Leadership, Organizational Structure)*

The factors that are so effective in organization survival and are always the most considerable of officials and managers of organization, are human resources. Study and analysis of history of industrial society development which competent and nurtured human resources have undeniable effect in process of traditional society development to industrial society so that considered human resources as the most important and main factor of society and organization development (Talebpour and Emami, 2007). The results of study indicated the role and importance of human resources in society and organization development and growth. Any society has not been developed, unless it has been grown by playing the role of human resources (Alan, 2007).

Yuki (2002) considered the leadership including effectiveness on purposes and strategies, task responsibility and acceptance to achieve purposes, group maintenance and effectiveness on organization culture. Leadership can be defined as process of social influence in which leadership follows Voluntary participation of subordinates to achieve organizational purposes. This definition implied that leadership means proper employing of power and authority in different levels of organization. The leadership in individual level is applied as advice, training, inspire and excite. Leaders found the teams, create cohesiveness and coherence among them and prevent conflict. Finally, leaders play significant role in culture creation and make some changes in organizational level (Krinter and Kiniki, cultural translation, 2008).

Structure considered as a dynamic factor, because, on one side, it can change during a time period as a result of new organizational conditions. On the other side, it can be reformed constantly so that staffs can access to

different knowledge and create new knowledge that can help them to overcome problem constraints, market fluctuations and various conditions (Loria, 2007).

#### 2.4 Customer Relationship Management, Knowledge Management and Organizational Factors

Customer relationship management is comprehensive strategy of business and marketing that integrates technology, processes and all business activities regarding customer (Feinberg & Romano, 2007) and making relationship with each valued customers by effective using of customer account data (Kotler, 2005).

One of influential factors on customer relationship management is knowledge management. Because knowledge management presents a possibility to organization that employs new knowledge as creation, validity, distribution and application and accordingly, improves a range of organizational features by enabling company to more intelligent operation (Shayen, 2001, p.8).

On the other hand, work requirement should be considered more than technology capabilities, especially when technology itself does not create obstacle. It does not mean that managers should not ignore technical capabilities of customer relationship management software, but concerning the significance of culture layer, organizational culture and also culture involved in implementing customer relationship management should be focused (Rigby et al, 2004). So, it can be said that success in implementing electronic customer relationship management projects has closer relationship with appropriate acquisition of organizational factors and effective components in each factor should be identified and weight of each factor should be considered. Implementing customer relationship management requires organizational factor changing and this changing should be employs in all organizational levels (staffs, leadership, organizational structure).

Undoubtedly, implementing customer relationship management projects includes vast volumes of persons and staffs. The role of persons is so necessary in organizations. They are who take responsibility of business management, making relationship all over organization and making relationship with customers (Beri, 1986; Richled Candi, 1990). The organizational structure should be concentrated in implementing electronic customer relationship management projects and present the clear and bright view of project purposes. Timely response to customer, product delivery and valuable services to customer (convenient self-service), analysis of customer profile to identify and classify profitable customers and electronic customer relationship management processes are basic components in organizational business.

One of the most important factors of successful implementing electronic customer relationship management is leadership factor. For successful implementing electronic customer relationship management, leaders of companies and organizations should be tended to customer orientation and market orientation. Furthermore, they should be responsible against change in customer relationship plans and customer relationship management implementation.

#### 2.4 Conceptual Model and Hypotheses of the Study

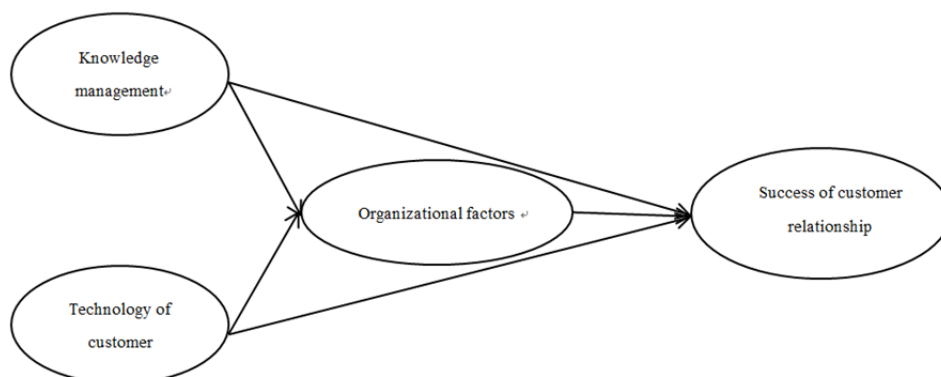


Figure 1. Conceptual model of study

Concerning presented model, the following hypotheses are:

1. Knowledge management influences on success of customer relationship management.
2. Knowledge management influences on organizational factors (staffs, leadership, organizational structure).

3. Technology of customer relationship management influences on success of customer relationship management.
4. Technology of customer relationship management influences on organizational factors (staffs, leadership, organizational structure).
5. Organizational factors (staffs, leadership, organizational structure) influences on success of customer relationship management.
6. Knowledge management with mediating variable of organizational factors influences on success of customer relationship management.
7. Technology of customer relationship management with mediating variable of organizational factors influences on success of customer relationship management.

### 3. Methodology

The present study is an applied research method regarding the purpose and is descriptive-correlation and field one concerning data collection method. Data analysis was done by SPSS and AMOS software. Population of this study includes all staffs of capital bank which based on obtained data, they are 642 staffs. By applying Cochran sampling formula, 240 staffs were determined as sample of this study and by cluster sampling method, sample was selected.

#### 3.1 Instrumentation

##### Knowledge Management

To measure knowledge management, Fang and Choai (2009) questionnaire was applied which included 38 questions and consisted five aspects of knowledge acquisition, knowledge creation, knowledge saving, knowledge distribution and knowledge maintenance.

##### Organizational Factors (staffs, leadership, organizational structure)

To assess organizational variables (staffs, leadership, organizational structure), Greve & Albers (2006) questionnaire was applied. This scale included four questions in staff part, 3 questions in leadership part and two questions in organizational structure part.

##### Technology of Customer Relationship Management

Questionnaire of technology of customer relationship management: this part included 6 questions which was applied Chang et al (2006) questionnaire.

##### Success of Customer Relationship Management

Moreover, in part of success of customer relationship management which included two dimensions of marketing and financial results that in part of financial result, Bang (2005) questionnaire was employed which based on 4 items and 3 items in part of marketing results that Chen Chung (2004) questionnaire was used.

Reliability of present study was estimated by SPSS version 20 and Cronbach's alpha which are presented in following table 1:

Table 1. Cronbach's alpha table of study questionnaires

Questionnaire	Cronbach's alpha
Knowledge management	0.83
Organizational factors (staffs, leadership, organizational structure)	0.81
Technology of customer relationship management	0.75
Success of customer relationship management	0.88

#### 3.2 Findings of Study

By referring to estimated path ratios, effect of each variable on each other was identified. Figure 2 shows the path ratio estimate of each studied factors in describing success of customer relationship management.

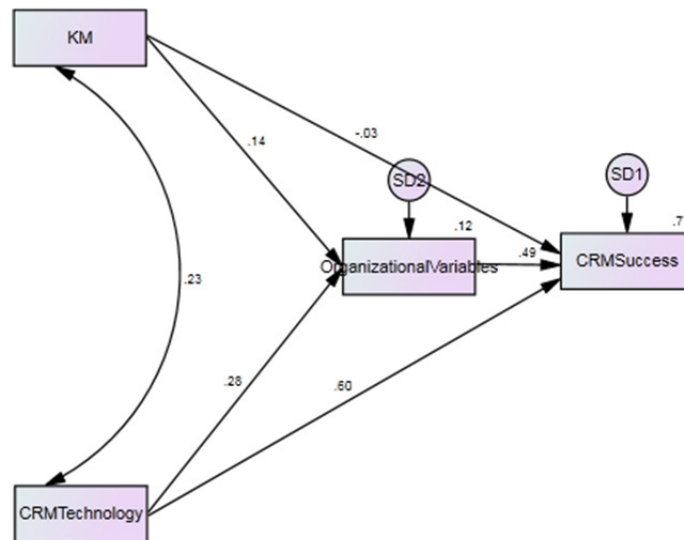


Diagram 1. Estimate of factor loads

Table 2. Ratio results of direct, indirect and total impacts

paths	Direct impact	Indirect impact	Total impact	Described variance
On Success of customer relationship management				%398
Organizational factors	<b>0/474**</b>		<b>0/474**</b>	
Technology of customer relationship management	<b>0/517**</b>	<b>0/119**</b>	<b>0/637**</b>	
Knowledge management	<b>-0/034</b>	<b>0/080</b>	<b>0/046</b>	
On Organizational factors				%701
Knowledge management	<b>0/168**</b>		<b>0/168**</b>	
Technology of customer relationship management	<b>0/252**</b>		<b>0/252**</b>	

Note. \* p < 0.05 \*\* p < 0.01

Concerning significance level of each factor impacts, obtained results of study hypotheses testing can be presented as follows:

1. Knowledge management did not influenced significantly on success of customer relationship management.
2. Knowledge management influenced significantly on organizational factors (staffs, leadership, organizational structure).
3. Technology of customer relationship management influenced significantly on success of customer relationship management.
4. Technology of customer relationship management influenced significantly on organizational factors (staffs, leadership, organizational structure).
5. Organizational factors (staffs, leadership, organizational structure) influenced significantly on success of customer relationship management.
6. Knowledge management with mediating variable of organizational factors influenced significantly on success of customer relationship management.
7. Technology of customer relationship management with mediating variable of organizational factors did not influenced significantly on success of customer relationship management.

So, study hypotheses except first and seventh hypothesis, were confirmed.

But, obtained fit indices for tested model in table 3 shows that RMSEA index had an acceptable level in estimated model by degree 0.063 and other indices such as CFI, GFI, TLI and AGFI were in appropriate level with degrees of 0.9, 0.9, .091, 0.91 and 0.9 respectively and goodness fit features shows that the study data had

appropriate fit with factor structure.

Table 3. features of fitness model

Feature	Estimation
Adjusted goodness fit index	0/902
root mean square error of approximation	0/063
Goodness fit index	0/906
TLI	0/911
Comparative fit index	0/904
Softened fit index	0/912
Root mean square of the residuals	0/038

#### 4. Conclusions

The aim of this study was to analyze the impact of knowledge management on success of customer relationship management: mediating impacts of organizational factors (staffs, leadership, organizational structure). Basically, how can expect that organization can achieve its purposes and open new horizons of activity and work without needing to learn something new. Solving a challengeable issue, introducing new products and re-engineering of a production process require world observation by new way and practical attempt to implement new findings. Due to lack of vital factor of knowledge management, organizations and their staffs repeat only old methods by new conveyance (Yu et al, 2007).

Obtained results of study hypotheses testing indicated that knowledge management influenced significantly on organizational factors (staffs, leadership, organizational structure). Furthermore, technology of customer relationship management influenced significantly on success of customer relationship management and technology of customer relationship management influenced significantly on organizational factors (staffs, leadership, organizational structure). Organizational factors (staffs, leadership, organizational structure) influenced significantly on success of customer relationship management. Knowledge management with mediating variable of organizational factors influenced significantly on success of customer relationship management. This result is in line with results of studies (Mendoza et al, 2007; Nguyen, Sherif, & Newby, 2007; Ryals & Knox, 2001). Moreover, the findings of this study demonstrated that knowledge management did not influenced significantly on success of customer relationship management. Technology of customer relationship management with mediating variable of organizational factors did not influenced significantly on success of customer relationship management that this finding is not compatible with study findings (Mendoza et al, 2007; Nguyen, Sherif, & Newby, 2007; Ryals & Knox, 2001).

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