

A Structural Relationship between Knowledge Management, Customer Relationship Management (CRM) and Organizational Profitability

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Abstract

This study has done to investigate the Relationship between Knowledge Management, Customer Relationship Management (CRM) and organizational Profitability in financial and contractual part of the municipalities in Karaj City. Customer relationship management let the organizations to provide the most value for patrons with a change into a customer-centered organization. The main aim of the present paper, is investigating the relationship between Knowledge Management, customer relationship management (CRM) and Organizational Profitability of municipals in Karaj city. This is an applied research with a descriptive-correlative way of gathering data. Then the required data has been gathered and become the basis of analysis of the research hypotheses. The population of the study is comprised of employees of financial and contractual part of the municipals in Karaj City. Simple random sampling has also been used for sampling. The findings of the research have shown that there is a positive and significant relationship between customer relationship management and Profitability. Also the Knowledge Management and customer relationship management has relation and correlation with organizational Profitability.

Key words: Customer Relationship Management, Organizational Profitability, Knowledge Management.

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Introduction

Today's most of the concepts, theories, and generally management literature with customer centralization are not a motto any anymore; instead "customer is a crown of the head." They have been revised and rewritten. Customer has become the center of organizations' activities; in a way that the statement of missions of modern organization is defined on the basis of customer. Today quality which is a lasting concept and concern of management has been defined with customer satisfaction and it is said that (quality means responding to customers' needs), thus, an organization is called qualified if it will be more consistent with customers' needs, so that it could offer its commodity and services with customer's favorable quality, desired time, and acceptable price. (Abbasi & Torkamani, 2010). Yesterday's marketing was only focused on finding customer while today marketing is a knowledge and art of finding and keeping customers. In traditional marketing success meant having more market stock while in modern marketing the criterion is having more customers' stock. Production and services are coming and going but today what makes value for organization is developing constant relation with customer and successful organizations are those who can make lifelong customers for themselves. So that studies have shown part of the very successful companies are benefited from high rate of customers' remain percentage. Their efforts are not only for attracting and creating customer, but it is also for maintain them for a life time (Dahesty & Babie-nezhad, 2012). Municipals should also have a close relationship with patrons in order to be aware of their needs and provide efficient services for removing them. As in today's business world competition is not only prevalent among companies of an industry, but also among different sections, so that the main issue of present study has been investigating the role of customer relationship management on Profitability. Therefore, we will move forward to the goals of the research by studying theories and identifying underlying indices of administration of customer relationship management, particularly in municipals.

Research Objectives

- 1-To identify the relationship between Customer Relationship Management (CRM) and organizational Profitability
- 2-To identify the relationship between knowledge Management and Customer Relationship Management (CRM)
- 3-To investigate the relationship between Efficient Technology and Customer Relationship Management (CRM)
- 4-To investigate the relationship between knowledge Management and organizational Profitability
- 5-To identify the relationship between Efficient Technology and organizational Profitability

Research Hypotheses

- 1-There is significant Relationship between Customer Relationship Management (CRM) and organizational Profitability.
- 2-There is significant Relationship between knowledge Management and Customer Relationship Management (CRM)
- 3-There is significant Relationship between Efficient Technology and Customer Relationship Management (CRM)
- 4-There is significant Relationship between knowledge Management and organizational Profitability.
- 5-There is significant Relationship between Efficient Technology and organizational Profitability

Customer Relationship Management

Customer relationship management (CRM) is a constant process which is comprised of development and deployment of knowledge and market intelligence for creating and keeping part of customers' relations with highest yield (Mirkamali, 2014).

Profitability

Considering marketing and sale increase is a way of success and development of every company and organization, since the goal of production and economic activities is sales and consumption and it is through sales and earned income that all the costs of manufacturing and production are compensated and Profitability is resulted (Hedayati Dezfouli, Mahdavinia, 2014).

Review of Literature

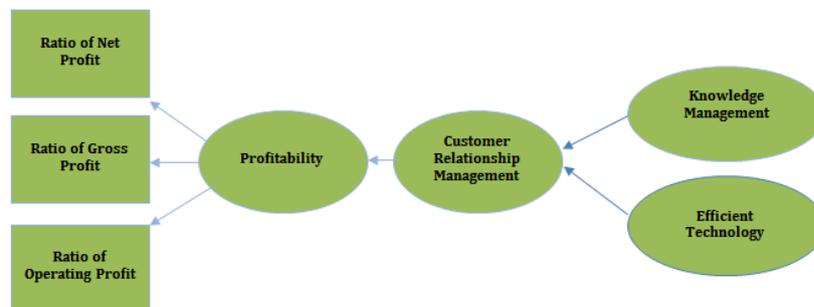
Chang and his colleagues (2008) in a study which has been done in South Korea state that the technology of customer relationship management (CRM) has drawn many scholars and researchers' attention to itself as a facilitator of organization performance. They have worked on the explanation of using CRM and its consequences on business results by means of obtained data from Korean companies.

The findings of their research show that marketing capabilities has a mediator and connective role between using CRM and its resulted performance. Additionally, customer oriented organizational culture and management system provide a better possibility of using CRM. In a study, Taher Pour-kalantari and Tayebi Tolouie (2014) have investigated customer relationship management with marketing performance in banking industry. They have noted that several researches show that CRM has a significant impact on marketing performance of organizations. Hence, there has been a very little relation among understudied variables in the study. Their investigation has been on the effective factors on administrating CRM in insurance companies. They have worked on investigation of 4 dimensional model of effective factors on administration of CRM which is comprised of "focusing on key customers", "appropriate organization", "using knowledge management", and "technology", and then by studying some of the branches of Iran Insurance they found that required evidence and preparation are not available for administration of CRM in those branches.

Research Conceptual Model

In this section we will work on the suggested model of the study while considering the definitions, theories, and investigation of offered models about concepts of customer relationship management and Profitability. According to the researcher's initial investigation, it seems that customer relationship management is in relation with Profitability. It is evident that each component of the suggested model is retrieved from offered models and is consistent with research literature.

Customer relationship management is an exhaustive strategy including gaining process, maintaining, and intercommunity with desired customers for making more value both for company and customers. Thus, the aim is amelioration of productivity, marketing performance and also achieving marketing goals.



Research Conceptual Model

Research Methodology

According to purpose, this is an applied research, while according to the way of gathering data it is and a descriptive and correlational. Correlational researches are subsets of descriptive (theoretical) ones and are done with the aim of showing relations among variables. They are divided into three groups according to the aim of research. The first group is related to those studies whose aims are investigation of two-variable correlation that is the researcher seeks to peruse the mutual relations of existed variables. The second group is studies about regression analysis whose aim is anticipation of one or more dependent variables (criterion) with accordance to independent variables (prediction). And finally the third group is related to correlation matrix analysis and testing constructive relations based on theories. In this project, the methods of two-variable correlation and regression analysis have been used.

Statistical Population and Sample size

Library research and field study method have been used for collecting required data. The main instrument for data collection will be questionnaires. The population of current study includes all employees of financial and contractual part in municipals of Karaj city who were 450 individuals. According to Cochran's formula, the sample size was 131 individuals and simple random sampling has been used. This study regarding purpose and quality was applied and its method was descriptive and it was a field study. Statistical population included all official and contractual personnel of municipals in Karaj city in 2015 which constituted of 520 individuals. Based on the Cochran formula, 131 individuals were estimated as the statistical sample size and due to the possibility of

alteration of some questionnaires; time of collection or lack of response by some employees, a number of 200 questionnaires with attention to occupational levels was distributed among the personnel. In this research for collection of data relevant to test of hypotheses, in general field method with use of questionnaire was selected.

Technical Features of Measuring instruments

Validity

The mean table and standard deviation of professors and experts' comments are provided flowingly which are indicators of relation of the questions of questionnaires to the aim of the research. The mean of professors and experts' comments have been in high level.

Reliability

Table 1: Amount of Cronbach's Alpha of Customer Relationship Management Questionnaire

Coefficient	Amount of Cronbach's Alpha	Variables	Row
0.837	0.789	Efficient Technology	1
	0.806	Knowledge Management	2

Table 2: Amount of Cronbach's Alpha of Profitability Questionnaire

Coefficient	Amount of Cronbach's Alpha	Dimensions	Row
0.809	0.774	Profitability	1

Inferential Test

As the data were normal, they will be used after parametric tests.

Testing of Pearson Correlation Coefficient

For investigation of Relationship between Customer Relationship Management (CRM) and organizational Profitability we have used the Pearson Correlation Coefficient.

Testing the First Hypothesis

There is significant Relationship between Customer Relationship Management (CRM) and organizational Profitability

H0: There is not significant Relationship between Customer Relationship Management (CRM) and organizational Profitability

H0: $\rho = 0$

H1: There is significant Relationship between Customer Relationship Management (CRM) and organizational Profitability

H1: $\rho \neq 0$

Table 3: Correlation Coefficient between Customer Relationship Management (CRM) and organizational Profitability

According to obtained result the H1 hypothesis is accepted.	0.462	Pearson Correlation
	0.00	Sig. (2-tailed)
	113	N

Considering the above table, since the significance level is less than 0.00 and the conclusion is that the (null hypothesis) H0 is not confirmed and the H1 hypothesis based on existence of significant Relationship between Customer Relationship Management (CRM) and organizational Profitability is accepted. Additionally, considering that the value for the correlation coefficient between the two variables is 0.462, it can be concluded that the correlation of between Customer Relationship Management (CRM) and organizational Profitability is moderate. As can be seen, in level of 99 percent there is significant and direct Relationship between Customer Relationship Management (CRM) and organizational Profitability and correlation coefficient between the two variables is equal to 0.462.

Testing the Second Hypothesis

There is significant Relationship between knowledge Management and Customer Relationship Management (CRM)

H0: There is not significant Relationship between knowledge Management and Customer Relationship Management

H0: $\rho = 0$

H1: There is significant Relationship between knowledge Management and Customer Relationship Management

H1: $\rho \neq 0$

Table 4: Correlation Coefficient between knowledge Management and Customer Relationship Management

According to obtained result the H1 hypothesis is accepted.	0.706	Pearson Correlation
	0.00	Sig. (2-tailed)
	113	N

Considering the above table, since the significance level is less than 0.00 and the conclusion is that the (null hypothesis) H0 is not confirmed and the H1 hypothesis based on existence of significant Relationship between knowledge Management and Customer Relationship Management is accepted. Additionally, considering that the value for the correlation coefficient between the two variables is 0.706, it can be concluded that the correlation of between knowledge Management and Customer Relationship Management is strong. As can be seen, in level of 99

percent there is significant and direct Relationship between Customer Relationship Management (CRM) and organizational Profitability and correlation coefficient between the two variables is equal to 0.706.

Testing the Third Hypothesis

There is significant Relationship between Efficient Technology and Customer Relationship Management (CRM)

H0: There is not significant Relationship between Efficient Technology and Customer Relationship Management (CRM)

H0: $\rho = 0$

H1: There is significant Relationship between Efficient Technology and Customer Relationship Management (CRM)

H1: $\rho \neq 0$

Table 5: Correlation Coefficient between Efficient Technology and Customer Relationship Management

According to obtained result the H1 hypothesis is accepted.	0.081	Pearson Correlation
	0.000	Sig. (2-tailed)
	113	N

Considering the above table, since the significance level is less than 0.00 and the conclusion is that the (null hypothesis) H0 is not confirmed and the H1 hypothesis based on existence of significant Relationship between Efficient Technology and Customer Relationship Management is accepted. Additionally, considering that the value for the correlation coefficient between the two variables is 0.081, it can be concluded that the correlation of between knowledge Management and Customer Relationship Management is weak. As can be seen, in level of 99 percent there is significant and direct Relationship between Efficient Technology and Customer Relationship Management and correlation coefficient between the two variables is equal to 0.081.

Testing the Fourth Hypothesis

There is significant Relationship between knowledge Management and organizational Profitability.

H0: There is not significant Relationship between knowledge Management and organizational Profitability

H0: $\rho = 0$

H1: There is significant Relationship between knowledge Management and organizational Profitability.

H1: $\rho \neq 0$

Table 6: Correlation Coefficient between Variables of Technology and Profitability

According to obtained result the H1 hypothesis is accepted.	0.548	Pearson Correlation
	0.003	Sig. (2-tailed)
	113	N

Considering the above table, since the significance level is less than 0.00 and the conclusion is that the (null hypothesis) H0 is not confirmed and the H1 hypothesis based on existence of significant Relationship between Efficient Technology and Profitability is accepted. Additionally, considering that the value for the correlation coefficient between the two variables is 0.081, it can be concluded that the correlation of between knowledge Management and Customer Relationship Management is weak. As can be seen, in level of 99 percent there is significant and direct Relationship between Efficient Technology and Profitability and correlation coefficient between the two variables is equal to 0.081.

Testing the Fifth Hypothesis

There is significant Relationship between Efficient Technology and organizational Profitability

H0: There is not significant Relationship between Efficient Technology and organizational Profitability

H0: $\rho = 0$

H1: There is significant Relationship between Efficient Technology and organizational Profitability

H1: $\rho \neq 0$

Table 7: Correlation Coefficient between Efficient Technology and organizational Profitability

According to obtained result the H1 hypothesis is accepted.	0.631	Pearson Correlation
	0.001	Sig. (2-tailed)
	113	N

Considering the above table, since the significance level is less than 0.00 and the conclusion is that the (null hypothesis) H0 is not confirmed and the H1 hypothesis based on existence of significant Relationship between Efficient Technology and Profitability is accepted. Additionally, considering that the value for the correlation coefficient between the two variables is 0.631, it can be concluded that the correlation of between knowledge Management and Customer Relationship Management is strong. As can be seen, in level of 99 percent there is significant and direct Relationship between Efficient Technology and Profitability and correlation coefficient between the two variables is equal to 0.631. According to the above tables and as the significant level has been less than 0.05, the obtained results of the data analysis have shown that there is a linear relationship between all factors such as: knowledge Management, Efficient Technology, Customer Relationship Management and organizational Profitability. Therefore, the correctness of the all hypotheses is approved. After the approval of the all hypotheses and assurance of linear relationship, the main question is what is the equation of this kind of relationship? The equation is as follows:

Table 8: Regression

Sig	t	Standardized Coefficients	Non-standardized Coefficients		Regression Test
		Beta	Standard Error of Measurement	B	
0.001	3.390		.464	1.571	Constant Factor
0.000	1.391	.177	.204	.283	Efficient Technology
0.000	4.644	1.573	.480	2.227	Knowledge management

Conclusion and Result Findings

In this section we will investigate the obtained results. Generally, the following results have been obtained. Today's management information systems and formed computer communications in municipals, particularly in section of customer relationships, has gain a new form. Hence, it seems the obtained result can be reliable. In this Research we have found out, there is relation between technology and customer relationship management, and there is relation between technology and Profitability. Therefore, existence of technology which fits to customer relationship management can help the amelioration of Profitability in municipals. The set of methodologies, processes, software, and systems that help institutions and companies in effective and organized customer relationship management form foundations of customer relationship management system (Brent, 2001). Thus, existence of new technologies of efficient software and hardware can help successful administration of this system and amelioration of Profitability. The results have shown that there is a relation between knowledge management and customer relationship management and there is relation between knowledge management and Profitability. We can say that knowledge management, the process of sharing and data management, and information, particularly those which are related to customers, keeping, maintaining, and on time summoning of information, can significantly help the amelioration of organizational Profitability in municipals.

Suggestions for Further Researches

Investigation of the relation between information technology management and sales performance in branches of insurance .Investigation of effective factors on amelioration of sales performance in municipals and the role of training manpower in amelioration of performance of customer relationship management in municipals

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