Role of Knowledge Management in Achieving Customer Relationship and its Strategic Outcomes

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Abstract
The aim of this research is to find out the role of Knowledge Management in getting relationship with customers. It investigates the problem to asses the Knowledge Management importance and to ascertain how to ensure good Customer Relationship. A questionnaire survey was conducted in telecommunication sector organizations like Warid, Telenor, Ufone, Zong and PTCL for finding the concept of Knowledge Management among the managers and to determine whether through Knowledge Management, Customer Relationship are achieved or not. The research data was analyzed through SPSS tools. Based on our results some broad recommendations are made achieving Customer Relationship and other important business elements through Knowledge Management.
Keywords: Knowledge Management (KM), Customer Relationship (CR), Business Strategy (BS), Market Information (MI), Information about Competitors (IAC).

1.0 Introduction

Customers are the actual buyers who have full control over a firm. Therefore they should be kept as close as possible to the organization in formulating strategy, in developing services and goods. For them organizations design and produce goods and for them invests huge amounts. Therefore, a need was felt to find out how customer will keep satisfied and what are the main outcomes of good CR?

Customer is the most important element for any business organization and due to this importance, every organization make strong and lifetime relationship with them. As much as the word market grows in term of competition, globalization etc the value and importance of customers also increases. The relationship with customer is usually studied under the title of Customer Relationship Management. But it is also a fact that CRM can not be studied with out Knowledge Management because of its same objectives for organization [1]. KM is one of the most critical factors for a successful CRM. This shows that through KM, happy relationship with customers can be established [2].

In this research we will not only find out the importance and role of KM in establishing profitable customer relationship but we will also find out the important variables which can only be achieved through better CR.

2. Literature Review

2.1.1 Knowledge management

The process through which information related to technology and market are converted to decisions in such a strategic manner, which fulfills the customer needs according to the customer behavior and satisfaction is KM [3]. KM ensures best customer relationship by providing customer focused information. It also gives knowledge about CR lifecycle which further leads to new product innovations and developments. Through effective KM customer can be served on time and effectively. KM also integrates knowledge about the customers and market within various organizational departments and helps where customer related information be created and used [4].

Organizations are doing businesses for making profit. Customer is the only source of generating money for them. This importance reduced staff general functions of KM and raised the methods of using KM for CR strategies [5]. In addition, most of the firms are operating and providing their products and services globally or in more than one country. This increases the need to maintain and build profitable CR which is only possible if knowledge and information about these globally dispersed customer and markets are organized appropriately [5].

It is suggested in this research that best and satisfied CR are achieved through right and suitable KM. KM will not only share information about customer and their market among employees and management of the organization but innovate services and products according to the customer satisfaction, needs, wants and demands. The summery of the literature survey was summarized in the hypothesis below.

H (1.1): Knowledge Management has positive impact over CR
Ho (1.1): KM has no impact over CR

2.1.2 Customer Relationship

Customer relationship begins when the customer collects the information about a product etc and exchange of services or products take place. It is an establishing, a maintaining and a promoting relationship with customer [6].

Globalization, market competition and customer choices initiated many issues and challenges for the business organizations. These elements also brought the concept to treat customer as one of the most important stack holder for business because it is the only source of creating money and profit [7]. Due to its strategic importance, concept of CRM was developed in order to address issues and challenges of the contemporary market. The core aim of CRM is how to attract new customer, how to increase the existing customers and how to keep the present ones with the organization [8].

As CRM is to build long term and satisfied relationships with customer, it addresses how to keep customer satisfied. This can be done only when the exchange between customer and the organization are equally beneficial. And between both of the parties, no party feel humiliated [9]. It was advised by a research that best CR can be achieved through communication between organization and its customers. Communications must be at right time, at right channel and with right offer [10].

Customer loyalty and good relationship can only achieved through excellent CR, which also increases customer value. It is necessary for organization to make its customers loyal by offering high quality products and services at affordable price [11]. Good relationship with customer will make life time connection between the firm and its customer and will increase the overall life time value.

It is interesting to highlight here that the goal of KM and CRM are same, that is to make customer centered strategy, to make customer happy by offering them the products and services of their choice [12].

2.1.3 Customer Relationship and Business Strategy

Every organization needs to know their products or services and its customer. As there are number of choices with a customer to buy a product or service, there is a need to offer them such products which fulfill their needs and demands in much better way as competitors do. It is also an irrevocable fact that the numbers of alternatives are increasing day by day and so do the choices [13].

In today's marketing terminologies, customer is considered as the king or customer is always right in business environment. The goals and objectives of any organization are very simple and straight, and that is to satisfy its customer and increase their numbers. It is known to every organization that with out customer an organization can not do business [14].

As much as in modern times, organizations know about the importance, role and importance of customer in their business, they are trying to manage their customer in an effective manner and consider their satisfaction as the output of the business strategy. This can be done only through making effective customer relationship with them. For this purpose organizations have defined a term known as Customer Relation Management [15]. Through proper CRM an organization will understand the customer needs, behaviors, demands and all other factors which have a strong impact over the business [13].

CRM is defined by another researcher as the management of customer knowledge for better understanding their choices and intentions and their serving [16]. It gives the business organization knowledge and base about its strategy. It provides all the necessary information about the market and customer, through which an organization formulates and design a customer focus and profitable strategy.

Based on the above literature survey, it is concluded here that CR provides base for formulating business strategy. With out CR it is very difficult for a firm to design a suitable strategy due to no or less knowledge about its customer's demands and choices. We have proposed the following hypotheses:

H (1.2): Customer relationship has positive impact over business strategy planning.

Ho (1.2): Customer relationship has no impact over business strategy planning.

2.1.4 Customer relationship and Market Information

Knowledge or information about the market is perhaps the most valuable element of business strategy now days. Organizations can get this information from its customer because they know every thing about the market. They know better about their choices and market offerings. Based on this information, firms design and offer goods and services to the market place; and if a company's management fails to deliver products which are not based on the customer information, no one will buy them and resultantly all the efforts will go in vain [17].

It is crystal clear that the most important element for an organization is its customer. With out customers, organization fails to achieve its goals. Therefore, organizations need to identify and evaluate relationship with them. This will not only accomplish the customer choices but will also increase customer base value [14].

Customers not only pay for services or goods but also provide strategic information to the organization. Utilizing of customer knowledge also gives competitive advantage (CA) to the organization. With the use of this knowledge a firm comes to know the touch points of customer. It is a continuous process during which a firm understands about the market requirements and plans its business strategy [18].

The process of managing information and all other necessary elements to build strong CR is known as CRM [19]. Due to its high importance CRM win the interests of many researchers in latest era. It is CRM which transform the information gained from customer to applications [20]. Information are obtained from customer, stored in the organizational memory and analyzed in such a strategic manner to achieve better CR and formulate effective and profitable business strategy [21].

Customers are the focal point of strategy of any organization. It not only gets the products and services of organization but also provide valuable information and data. These information and knowledge are then used for making strong and loyal CR [16].

The above literature survey leads the author to write that customer not only return cash to business organization for services and goods but also bestows valuable information about the market. This information is then used in designing services and goods and in formulating organizational strategy. The following hypotheses are proposed:

H (1.3): CR has positive impact over providing market information to organization.

Ho (1.3): CR has no impact over providing market information to organization.

2.1.5 Customer Relationship and Information about Competitors

Management makes such strategies for their organizations, which are goal oriented and easily implementable. Therefore it is important to consider each stack holder in the process. i. e. Those who design the strategy and those who reject or accept the strategy. With out the collaboration of both of the parties the whole process fails to achieve the objectives [22].

CR provides knowledge about the customer, what they need and what they expect from the organization. Suitable and correct information are obtained from customer about the organizational change and strategy implementation. Customer can also give knowledge about what program will more beneficial than the other [22].

When organizations offer services and products to their customer, they not only get money but also some feedback about their services and products. Firms use these information to asses it's progress towards the desired change [23]. Through proper CRM, management should formulate and take initiatives for achieving business vision and goals [24].

Through suitable CRM firms manage and re-engineer CR, evaluate customer value and offer better services and goods than their competitor do [23]. This shows the importance of CRM and CR for the business. Thus CR and its management will give the firms ideas about the market offering and customer choices. Based on this knowledge a firm can provide better services and products to its customers and market than its competitors do.

It is also necessary for organizations to know that in the modern business era, all citizen need to be provided at equitable level rather than segmental. In other words, there should be a universal service or product offering in the market, equally acceptable and suitable for each segment of customer [25]. The above literature clarifies the path for designing our fourth hypothesis in the following way.

H (1.4): CR has positive relationship with providing Competitor's Information to the organization.

Ho (1.4): CR has no relationship with providing Competitor's Information.

3. Proposed Model:

Figure 4: Proposed Model for the Role of KM for Achieving CR
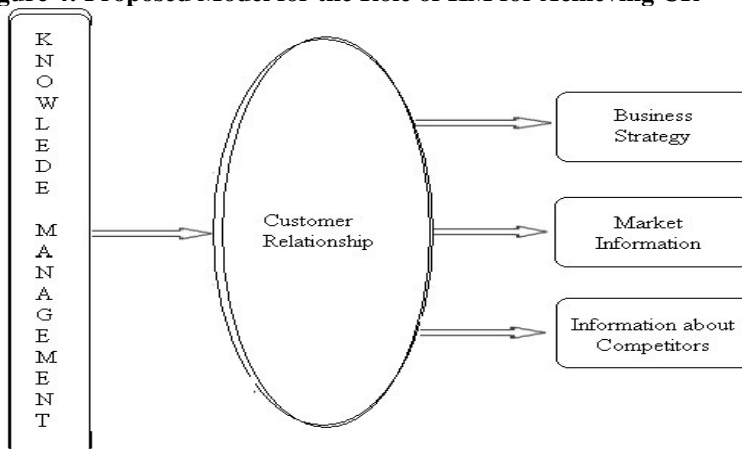
Modal:
Role of Knowledge Management for Acheiving Customer Relationship in Telecommunication Sector Organizations

After the literature survey and hypothesis formulation, the above model has proposed for the research. Each arrow represents the relationship between variables and the head represents the direction of relationship.

4. Analysis

4.1.1 Reliability Test

As the research is based on primary data, it is necessary to find out the goodness of data. Therefore, the data collected through questionnaire survey was tested initially for finding out its reliability. It was found that the information about KM and CR has the Cronbach's Alpha value 0.701. It means that the research data and gathered information is reliable for analyzing and good results.

4.1.2 Correlation Analysis

We have studied several specific variables and designed our own hypothesis and assumptions regarding various relationships. It is very necessary to be known that whether there is relation or not between different variables. For this purpose correlation analysis is used. We explain our assumptions one by one in the light of the following correlation matrix.

Hypothesis No.1:

H (1.1): Knowledge Management has positive impact over CR

Ho (1.1): KM has no impact over CR

The author assumed that there are positive relationship between KM and CR in the first hypothesis. According to the assumed hypothesis better KM can increase CR and vice versa. This was tested and it was find out that the assumption is true with the value of 0.482 with significant level 0.001. It means that there is positive and significant relation between KM and CR.

Hypothesis No.2:

H (1.2): Customer relationship has positive impact over business strategy planning.

Ho (1.2): Customer relationship has no impact over business strategy planning.

In the second hypothesis of the research the author assumed that CR and planning business strategy are positively related. The correlation value for this relationship is 0.566 with significant level 0.000. It shows that the assumption is true and the null hypothesis is rejected.

Table 7: Correlations

		KM	CR	BS	MI	IAC
KM	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	200				
CR	Pearson Correlation	.482**	1			
	Sig. (2-tailed)	.001				
	N	200	200			
BS	Pearson Correlation	.204**	.566**	1		
	Sig. (2-tailed)	.000	.004			
	N	200	200	200		
MI	Pearson Correlation	.243**	.690**	.406**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	200	200	200	200	
IAC	Pearson Correlation	.181*	.181*	.297**	.112	1
	Sig. (2-tailed)	.010	.010	.000	.116	
	N	200	200	200	200	200
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Hypothesis No. 3:

H (1.3): CR has positive impact over providing market information to organization.

Ho (1.3): CR has no impact over providing market information to organization.

In the third hypothesis the author assumed that CR has positive impact over providing market information. It was checked through SPSS tools and correlation value of 0.69 with significant level 0.000 was

obtained for the relationship. It clearly rejects the null hypothesis and provides justification to the author's assumption.

Hypothesis No. 4:

H (1.4): CR has positive relationship with providing Competitor's Information to the organization.

Ho (1.4): CR has no relationship with providing Competitor's Information.

The last hypothesis of this part of the research was about CR and its relationship with IAC. It was find out that the relation is positive and significant with correlation value 0.19 and 0.01. It shows that the relationship is weak but significant. So the null hypothesis is rejected and our assumption is standing true.

4.1.3   Regression Analysis

Figure 12: Tested Model for the "Role of KM for achieving CR"
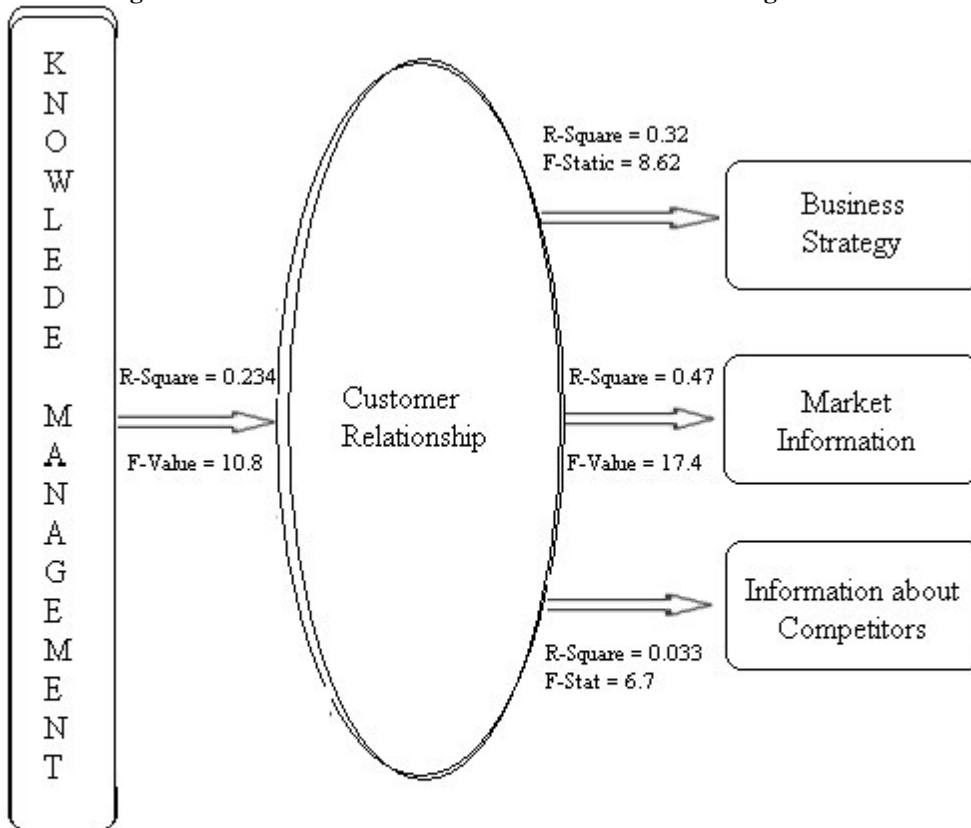
Modal:
Role of Knowledge Management for Acheiving Customer Relationship in Telecommunication Sector Organizations

Regression Analysis of Knowledge Management and Customer Relationship

The regression analysis shows that the affiliation values between KM and CR is R-square is .23, F-statics is 10 at significance level 0.001. So up to 23 % CR can be predicted from KM. The following tables show the regression analysis of the hypothesis.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.482[a]	.234	.227	.39857
a. Predictors: (Constant), KM				

Table 9: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.726	1	1.726	10.867	.001[a]
	Residual	31.454	198	.159		
	Total	33.180	199			
a. Predictors: (Constant), KM						
b. Dependent Variable: CR						

Table 10: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.249	.142		8.807	.000
	KM	.276	.084	.228	3.296	.001
a. Dependent Variable: CR						

Regression Analysis of Customer Relationship and Business Strategy:

CR is also a strong predictor of BS. The R-square value for this affiliation is 0.32, F-statistics value 8.6 at significance level 0.004. The value shows that 32 percent one can be sure to predict BS from better CR. The below tables show the actual values of the relationship.

Table 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.320	.317	.25978
a. Predictors: (Constant), CR				

Table 12: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.582	1	.582	8.624	.004[a]
	Residual	13.362	198	.067		
	Total	13.944	199			
a. Predictors: (Constant), CR						
b. Dependent Variable: BS						

Table 13: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.457	.079		18.416	.000
	CR	.132	.045	.204	2.937	.004
a. Dependent Variable: BS						

Regression Analysis of Customer Relationship and Market Information:
CR is a strong predictor of MI which is proved through regression in the following tables. R-square value for this

relationship is 0.47 with F-statistics value 17 at significance level 0.000. It means that up to 47 percent confidence level one can be sure to predict MI from CR. The following tables show the details of the relationship.

Table 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.690[a]	.476	.470	.35492
a. Predictors: (Constant), CR				

Table 15: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.189	1	2.189	17.381	.000[a]
	Residual	24.942	198	.126		
	Total	27.131	199			
a. Predictors: (Constant), CR						
b. Dependent Variable: MI						

Table 16: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.215	.108		11.238	.000
	CR	.257	.062	.284	4.169	.000
a. Dependent Variable: MI						

Regression Analysis of Customer Relationship and Information about Competitors:

The following tables show the regression analysis of CR and IAC. F-statistic value for the relationship is 0.181, R-square value 0.033 at significance level 0.01. It shows that CR is not a strong predictor of IAC because its value is too small.

Table 17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.181[a]	.033	.028	.30912
a. Predictors: (Constant), CR				

Table 18: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.644	1	.644	6.742	.010[a]
	Residual	18.920	198	.096		
	Total	19.564	199			
a. Predictors: (Constant), CR						
b. Dependent Variable: IAC						

Table 19: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.382	.094		14.679	.000
	CR	.139	.054	.181	2.596	.010
a. Dependent Variable: IAC						

5. Conclusion

Strong Customer Relationship is one of the most important factors which have great impact over SSDM. It is clear from the analysis that KM is the sole source of making strong CR. Therefore for building and managing profitable CR, proper KM should be practiced.

CR is not only the core source of SSDM directly but it gives many other beneficial results for organizational long term decisions making process. Among them formulating BS, MI and IACs are the most important, which were studied and analyzed in the research. Strong, positive and significant relationships of CR with MI, IACs and BS makes it crystal clear that through KM profitable and preferred CR can be achieved which further give hand in hand to provide many other supplementary and complementary objects to organizations.

It is proved here that KM is helpful for making CR according to the will of organization. This not merely gives small term advantages to the firm but gives many other important things which have strong relationship with long term organizational objectives. It is the MI which is used by firm as an input in deciding what to do and what not. It is the competitors which directs its rivals to the required field in a somewhat manner and it is the overall BS which is impossible with out the will of customers.

5.1.1 Recommendations

1. KM is necessary for getting satisfactory and suitable relationship with customers. The research recommends that KM is the highest source of CR and its other outputs. Better KM gives better CR. So each organization needs to manage its knowledge in such a way to get suitable CR, with out KM profitable relationship with customers is very difficult.

2. Customers are the sole source of revenue generation for an organization. Based on our own research it is recommended that there should be strong and dynamic contact with them. With out customers, it is impossible for an organization to decide, what to design, how to design, when to design and where to design.

3. Customers should be kept in such a close level so that the organization can get valuable information from them. These information and knowledge not only help the organization to capture market but to plan and decide for long term.

4. Customers not only pay for firm's offering but they also provide their view of liking and disliking for something. Potential customers will inform the firm about its competitors and their offering. These information further helps the firm to provide the products and services according to the need of market and customers better than its competitors do.

5. As the core aim of business doing is to make profit. Therefore the organization should develop its business strategy in such a manner which is acceptable to its customer. In the absence of customer, the organization will fail to make profit and to design and develop any suitable business strategy. So it is also highly recommended that customer and their information should be managed in such a way to obtain all or many of the customer relationship objectives by the organization. In our case these objectives are MI, IAC's and BS, all of them can then be used as inputs for SSDM.

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