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Impact of Knowledge Management on Customer Satisfaction

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ABSTRACT

The purpose of this research is determining the impact of knowledge management on customer satisfaction. Consequently, it is worth that the findings of this research study would be instrumental in informing the management of an organization on how best it can promote customer satisfaction through appropriate knowledge management. In this case, a questionnaire was used to collect data, and the research was carried out in Kufa Cement Factory. The results indicated that employing knowledge management leads to increased customer satisfaction.

Keywords: Knowledge Management, Customer Satisfaction, Organizational Survival, Organization and the Market.

1. INTRODUCTION

Having sufficient knowledge both about the business, market, and contenders and dealing with that is a key factor in the accomplishment of any organizational goals and objectives. It is critical for any business utilize the concept of knowledge management in order to pick up an upper hand over their savage rivals. One key factor that the business ought to consider in their operation is knowledge management (Von Krogh, 2009). knowledge management has been viewed as one of the key drivers in guaranteeing attainment of the university's set goals and objectives (Bousa & Venkitachalam, 2013) and it is among the imperative assets to guarantee organizational survival (Teece et al., 2012). Knowledge management can be defined as the process of creating, sharing using and managing knowledge and information of an organization and using this knowledge and information to come up with strategies that will ensure organizational success in the market.

At present, there has been relentless development and increment in the quantity of private universities because of the expanded number of students in need of advanced education and there exists a harmony where dominant part of private colleges are better learning organizations compared with the public universities (moheer, 2016). Knowledge management involves using and managing the data and information of both the organization and the market (Irma, 2003). The point of having great learning in the private universities is to guarantee that they give quality administrations than their open partners consequently making great benefits in the instructive sector. The knowledge management has produced significant enthusiasm for business and more importantly in private universities because of its capacity to deliver vital outcomes especially related to university's profits (Alavi et al, 2009).

Knowledge management plays a key part in the achievement of organization activities and processes (Von, 2009). It allows the students a chance to gauge or measure their performance both in curricular activities and also in other co-curricular activities and are able to highlight areas of concern that needs improvement. This implies in the long run, these private universities create quality graduates who are all around prepared to work in the different workplaces and be fruitful (Davenport & Prusak 1998).

This increases the organizational reputation, organizational culture, skills, reputation, intuition, and makes many young students to join them and thus helps in ensuring that they outcompete their rivals in the public education sector (Hall & Andriani, 2003). Furthermore, knowledge management through the use of management information system helps the organization to acquire data about their competitors, their weaknesses and identify opportunities in the market (Alavi et al, 2009). Then come up with ways of utilizing their competitor's weaknesses and opportunities in the market to ensure that obtain a larger market share hence increased profits. Furthermore, the improvements and continued developments have led to globalization and increased competition in the business world. The handling of knowledge is now part of the field of organizational studies, so it needs successful management in order to facilitate organization capability to attain its objectives.

Besides, knowledge management is extremely key to meeting the organizational goals and objectives (Hall et al, 2003). This is on the grounds that it stipulates what every individual in the organization will perform with a specific end goal to guarantee that the general objectives are accomplished. Successful coordination, powerful correspondence about the organizational objectives and arranging of the hierarchical exercises is additionally a key segment in knowledge management and this prompt smooth running of the organization, commendable execution and accordingly assuming a key part in making an upper hand over their opponents.

In conclusion because of tight rivalry in the education area private universities need to have a solid system if at all they need to stay focused, they should have an economical upper hand (Kotler, 2001) so the issue can be figured as takes after. Knowledge management in private colleges can help them gain a competitive advantage over their fierce rivals in the education sector.

Therefore, the current study tries to assess the following:

1. What is the level of knowledge management in the private universities?
2. How is sustainable competitive advantage influenced by knowledge management?
3. Is there a statistically relevant relationship between the process of knowledge management and sustainable competitive advantage?

To reach this goal, a comprehensive KM model can be used as the basic model to get modified according to institutions requirements and specifications. One of these knowledge management models is the model proposed by the Karl wiig.

1.1. Knowledge Management

Knowledge management was primarily based on knowledge acquisition, integration, storage, exchange, transport, application and innovation, and directly related to leadership and strategy, organizational culture, performance assessment and technology (Consulting, 1999)

The authors and researchers have cited various definitions of knowledge management, defined as representing the process of knowledge sharing and collaboration among task forces, including four models of innovation, skill, responsiveness, and productivity (Mentzas et al., 2003)

In order for knowledge to be created correctly, this requires critical knowledge to be defined, followed by another step, including the development of an action plan that will reduce the risks associated with poor control of knowledge (Ermine, 2007). Knowledge-related activities Management of skills, transfer of knowledge, learning and the other is the adoption of knowledge by others (Soulignaca, 2017), and knowledge management aims to provide information that is suitable for all staff and timely when needed. (Zhao et al., 2012) In this regard, Microsoft points out that there are three elements must be available to implement knowledge management, which is related to technology integration and organizational strategy (Chang, 2002) ,(Fraunhofer) introduced a conceptual model to give a simplified picture of knowledge management, through a comprehensive perspective within organizational standards, and to the relationships between value-added business processes, with core processes of knowledge management, as well as knowledge design (Weber et al., 2002) As illustrated in Figure (1).

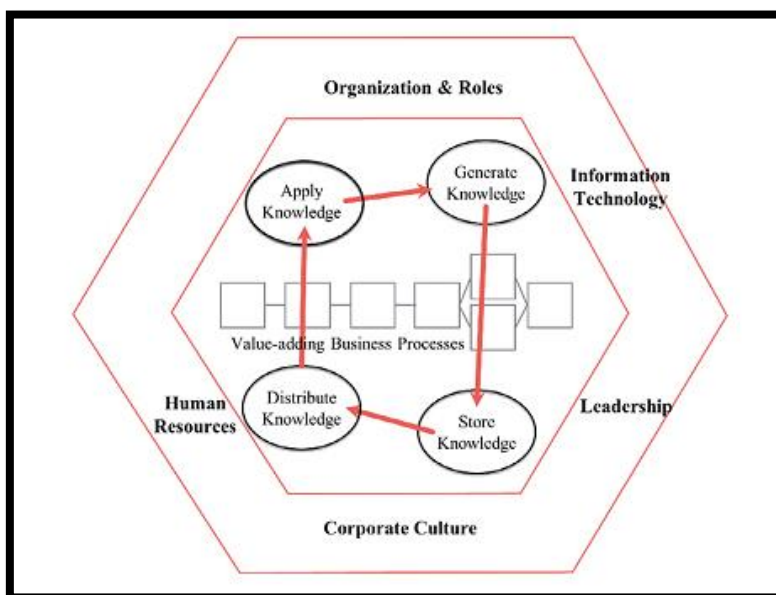


Figure 1. Knowledge Management Model According to Fraunhofer,

Source: Wang et al., 2017

1.2. Knowledge Management Process

The literature defines knowledge management processes in different ways. Some identify it as representing the knowledge creation , knowledge sharing and knowledge implementing (Shujahat et al., 2017), while the most commonly defined is knowledge acquisition, knowledge creation, knowledge sharing, knowledge storage and knowledge application) (Inkinen, 2016) as follows:

1.2.1. The Knowledge Acquisition

The knowledge base of the organization is not enough alone in the development of the work of the organization and its services. Therefore, the organization must get knowledge from other sources in order to acquire it. This process is called knowledge acquisition that facilitates the process of acquiring knowledge from the external environment (Laursen & Salter, 2006). There is a cognitive integration to facilitate its organization and absorption and to benefit from the organization's potential in implementing this process (Zhou & Li, 2012).

1.2.2. Knowledge Creation

The process of creating the new identifier is a set of sub-processes that rely on socialization, combination, externalization, and internationalization (Lai et al., 2014) and are based on opportunity, motivation, capacity, and these elements must be taken care of in order to ensure that knowledge is created properly (Shu et al. 2012).

1.2.3. Knowledge Sharing

The sharing of knowledge is more important than the generation of knowledge (Al-Husseini & Elbeltagi, 2015), and includes key elements of incentives, social norms, organizational values, and support for high leadership (Hsu et al.) (2007). Knowledge sharing depends on how well the organization disseminates knowledge about organizational culture and the amount of knowledge available in the organization (Ganesh, 2005).

1.2.4. Knowledge Storage

Knowledge storage is of particular importance because it is directly related to the sharing of knowledge that achieves cooperative behavior within the organization, cooperation to share common goals and coordination, and the exchange of knowledge. Here, knowledge storage is the repository that provides knowledge to all members of the organization & Senoo, 2010). The storage of knowledge and the creation related databases and categories can simplify the process of referencing and using them.

1.2.5. Knowledge Application

The use of knowledge is meant to represent the response to diverse knowledge among individuals within the organization (Gold et al., 2001), based on the identifier that is created and which becomes an essential part of organizational behavior and coping processes (Chen et al., 2012).

1.3. Customer Satisfaction

In the recent past, customer satisfaction has gained new attention in the global transformation of marketing tactics, which refers to all marketing activities geared towards establishing and developing successful relationships with customers (Morgan & Hunt, 1994), and literature suggests that satisfaction leads to customer retention (Kotler, 1994). As a result, the subject of customer satisfaction has been widely identified as a factor in the success of the marketing process. This is done through the development of organizations to their marketing methods (Hening & Klee, 1997).

Customer satisfaction reflects personal judgment in the face of a particular service or transaction evaluation, which is one of the basic concepts of management, since the objective of the organization is to satisfy customers if the main purpose of marketing is to achieve higher levels of customer satisfaction with all the directions for profit, this profit is the resultant benefit that this customer can achieve knowledge. Therefore, the success of any organization, whether productive or service depends on the strength of the relationship with the loyalty of customers, and we can say that the measure of the customer and his desire to participate in the activities of the Organization (Kotler, 2003).

Satisfaction is generally defined as a constant relationship between customers and service providers, which results in the organization's customers not being transformed into competitors, with compatibility with the service provider, and with the preference of the provider over other competitors (Sparks, 2001) ,Where the customer's awareness of his needs, desires, and expectations about the product or service has been satisfied .

Customer satisfaction has a positive impact on the profitability of the organization for several reasons: First, customer satisfaction enhances its loyalty and influences the intentions of re-buying and re-purchasing in the future (Verhoef, 2003), When this happens, the profitability of the organization increases and satisfied customers are willing to buy at a certain price (Mittal & Kamakura, 2001)

1.4. Research Hypotheses and Model

Based on a review of the literature above, the main hypotheses are proposed to test the impact of Knowledge management on customer satisfaction, and sub hypotheses to test the impact of the dimensions of knowledge management on customer satisfaction. According to these hypotheses and literature review, it can propose the model in figure (2).

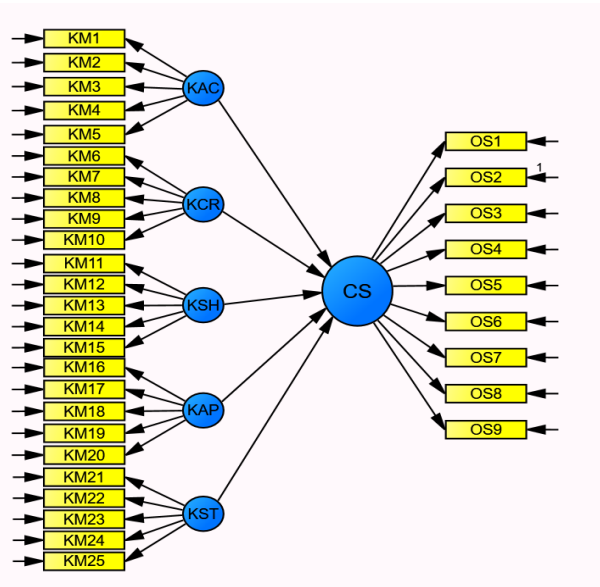


Figure 2. Research Model

2. MATERIALS AND METHODS

A statistical analysis was conducted to determine the results of this research question regarding the impact of knowledge management on customer satisfaction. In this regard, two main variables were used in the test of the research question hypothesis: knowledge management as an independent variable, and customer satisfaction as the dependent variable. The researchers used the questionnaire approach to collect the initial data required for the analysis of the research question (Shah & Mahmoud, 2013). The population was the customers of Kufa Cement Factory in Iraq, the number of questionnaire distributed (70) questionnaire, was collected (59) questionnaire, there was (3) outlier, so the sample size been (56).

Statistical analysis of this descriptive and analytical statistical research was used to confirm the regression of the two main variables and dimensions. According to (Ahmedpur, et al., 2014), the emphasis on validity analysis was related to the data collected and whether the data were valid to cover the claims raised by the research question.

3. FINDINGS

The results of the research study show that knowledge management has a significant positive impact on customer satisfaction. This is particularly considered in the results obtained from regression analysis of knowledge management maturity against customer satisfaction. In this analysis, different features of knowledge management were compared with customer satisfaction to provide a clear understanding of how the two affect each other in the organizational structure (Men, 2010).

Where the coefficient of correlation is that (0.992) there is a relationship between the knowledge management and customer satisfaction, and the coefficient of regression (0.971), which means that there is an effect of (0.971) for knowledge management on customer satisfaction. In terms of the explanatory power of the model, the value of the interpretation factor (0.993), which proves the hypothesis that the acquisition of knowledge increased customer satisfaction.

The first process was the impact of knowledge acquisition as part of knowledge management on the customer satisfaction. The table (1) and figure(3) shows that knowledge acquisition has a direct impact on customer satisfaction with (0.357) as effective knowledge acquisition within the company has improved the overall performance of the company through management that acts towards its customers, while the second process is knowledge creation which has an effect of (0.833) , and the effect of Knowledge sharing is (0.069) but not significant, and knowledge application has (0.311), while the impact of Knowledge storage is (0.278).

Table 1. Direct Effect

			Path	Standard Deviation	T Stat	P
CS	<---	KAC	.357	065	3.649	***
CS	<---	KCR	.833	.162	4.652	***
CS	<---	KSH	.069	066	.808	.419
CS	<---	KAP	.311	069	3.454	***
CS	<---	KST	.278	135	2.627	.009

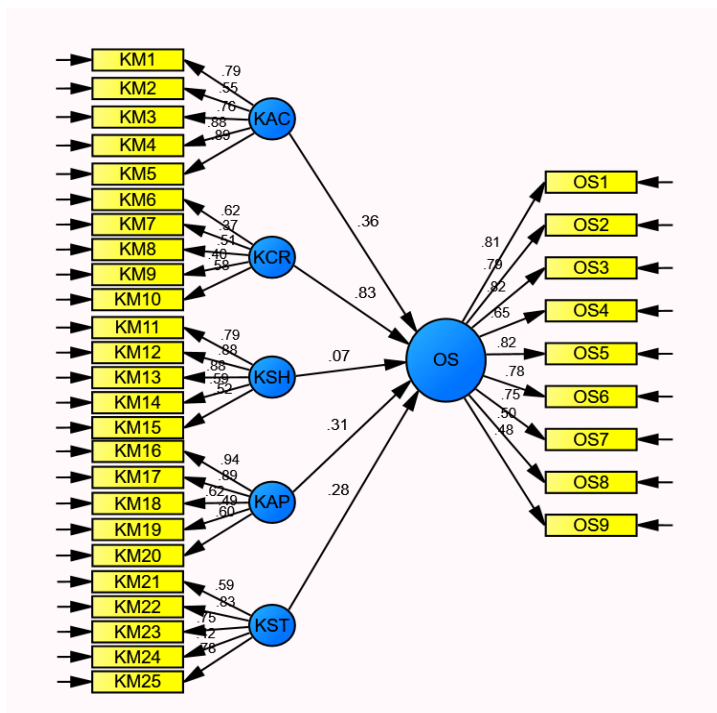


Figure 3. Path Model

4. DISCUSSION AND CONCLUSION

Appropriate knowledge management is useful in enhancing customer satisfaction. The reason for this assertion is based on the fact that the company's employees have the knowledge that the company's executives need. Therefore, as employees play a crucial role in determining the success of each organization, it is clear that if the management is properly managed, it will be ready and able to provide high quality services to the company and as such, will achieve high satisfaction for customers in acquiring the services and products of this company.

In this regard, it should be noted that the organization is very strong and successful such as its workers and team of employees. A weak workforce will lead to results and losses for the company while a strong workforce will result in significant results and profitability for the company.

Therefore, it is recommended that organizations adopt appropriate management mechanisms for knowledge in order to enhance productivity in terms of performance of duties and responsibilities and how best to provide services and products through adoption, generation, application and storage of knowledge. As a result, Knowledge of customer satisfaction is a positive impact, as it enables the company to achieve its goals and objectives through the exemplary services of its workforce.

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