Explain the relationship between customer orientations; knowledge management and customer relationship with CRM technology with organizational variables mediate Pasargad Bank

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Abstract: The present study is considered as an applied science from the nature of studied objectives. Managers and experts of Pasargad Bank branches in cities have formed the stochical population. In this study, simple random sampling method was used and a sample size of 200 was calculated using Cochran’s sample size formula. The required data was gathered in the field study, using a standard questionnaire consisted of 39 questions that all questions have to be a five- item Likert form. These data are analyzed by LISREL software. Chronbach alpha coefficient was used to determine the validity of questionnaire, that the percent of reliability was calculated, equal to 0.859 for a questionnaire with 39 questions. In this paper, the measuring model has been provided by applying Perlis program from Lisere software after plotting the research analytical model based on the data by Path Fig program that the hypothesis have been tested by using B coefficient and t- test in this model. The results show the effects of knowledge management and customer orientation by mediations of organizational variables like leadership, employee and organizational foundation in CRM implementation.

Key words: Knowledge management; Customer-orientation; Customer relationships technology; Organizational variables and customer relationship management

1. Introduction

Nowadays a knowledge-based society has been determined of factors such as increasing in competition, technology innovation and international and global market nature. Firms and companies in these societies should consider to factor such as knowledge as a key factor to make competition advantage. Customer orientation and knowledge management systems and customer relationships management, not only improve organization ability to interact, attract and relationship with customers, but also has the ability to increase its knowledge in customer relationship. Success in customer relationship has been a complex issue and we should consider to factors that can effect on it and is related with this issue. For this purpose the Bank Pasargad had considered several factors to increase success in implementing CRM, based on the model proposed by Moreno and Melendez in 2011, considered the customer-orientation index, knowledge management, customer relationships technology and organizational elements associated with the success of customer relationship management. According to researches done, implementation of CRM systems especially in financial institutions, automates much of the customer relationship management with the goal of maximizing profitability through customer relationship and minimize the cost of these relationship managing (Gupta and Shukla, 2002). Customer relationship management is a channel to extend and improve customer value, satisfaction, profitability, and keeping them and considered as a technology to reduce costs and increase incomes.

2. Theoretical research

2.1. Customer orientation

Relationships with customers advance to the main notion of marketing that is the customer-orientation and understanding customers’ needs and expectations. Customer orientation is a cultural concept and a behavior phenomenon (Gountas and Mavondo, 2014). In addition, customer-orientation is an independent concept of competition and it is very important to establish and maintain long-term relationships with customers for company success (Mowen and Brown, 2005). Deshpande and colleagues (1993), have defined customer orientation as a set of beliefs that give priority to the interests and needs of the customers and prefer customers’ interests to other stakeholders such as organization owners, managers and employees (p 27). Strong and Harris (2004) defined customer orientation as behavior and cultural aspects of market orientation that acts as a strategic element. They believed that human and relationship resources are important factors that affect customer
orientation. They also believe that these activities can make culture and operation of staff customer orientation. Considered Components for customer orientation in this research are: customer orientation marketing, identifying the main customer’s lifetime value, personalization and interactive marketing. In Hasangholipour et al. (2012) ideas, more emphasis was on the development of standards which are customer oriented, and gives a better idea of how the programs are operated and customer relationship management system. Some of these standards include customer acquisition costs, same prices of customer sales, loyalty and customer value (p 44). Therefore it can be concluded that customer orientation is an essential necessity for the successful performance of customer relationship management.

2.2. Customer relationship technology

Since customers are the most important asset of the most organizations, effective relationship with customers is considered as a device in order to increase the sale.

We can point to the improvement of information technology to make different aspects of loyalty that make a good chance and opportunity in order to create loyalty and profitability to the company. Now day’s organizations can provide services simultaneously by lower cost through effective use of information and communication technology (Peppard, 2000). CRM is one of the recent technologies in customer relationship part (Kestenbaum and Straight, 1996).

Customer relationship management is a channel to improve customer value, satisfaction, profitability and maintaining them and is considered as a technology to reduce costs and increase incomes; it also has the ability to keep competitive advantages for organizations by providing valuable services in response to customers’ changing needs and priorities (Petlier et al., 2009). According to researchers, today’s companies concentration has been transferred to customers rather than improving internal operations. A lot of companies has been moved to solution through technology and using software and hardware because the necessity to more concentration on customers (Gupta and Shukla, 2002). Today new technologies is required for the successful implementation of CRM systems because to the needs of the branches of financial institutions. In Sin and colleagues idea, (2005) software system enables companies to provide customize services with higher quality but lower cost, so many customer-based activities is impossible without appropriate technology. CRM needs to redesign the organization and its processes in order to customize products and services for customers as an enabler so that the companies could meet the needs of the customer and mutual benefits and loyalty provided in long term (Moreno and Meléndez, 2011). Customer relationship management technology has been designed in organizations environment as business strategies to improve employee engagement and interaction and it is very important to organize call center (Zikmund, 1994) and is a facilitating technology to implement customer relationship management. Strategy to do so, organizations should use an appropriate technology to Optimize business processes with customer relationship management to implement satisfactory customer relationship management and appropriate software and hardware is needed for CRM implementation, especially for companies that have a lot of customers (Ramaseshan et al., 2006).

2.3. Knowledge management

Knowledge management is one of the key factors in success of CRM implementation. Knowledge management has been changed into an important domain of strategic management of human resources like information technology, since the information is linked with staffs. Knowledge management is referred to act or process to create, acquire, build ownership, share and apply knowledge that improves learning and organization performance (Armstrong, 2009). So when business change the customer information to knowledge and uses them to improve customer relations, can result to customer loyalty. Understanding and creating suitable conditions for effective implementation of knowledge management and its processes is the key to understanding the success and failure of knowledge management in organization (Robbins, 1997). Researchers' believed that knowledge management is an organization ability to attract and manage customers, provide product information and services for better response to customers’ needs and providing an area for faster decision making based on reliable information in organization (Alavi and Leidner, 2001). Knowledge acquisition and Dissemination of knowledge are essential elements in knowledge management, that these two factors are considered in the knowledge management capabilities. Knowledge Management as one of the determining factors plays a critical role in the success of customer relationship management. Knowledge management is right knowledge acquisition for right people at the right time, which enables them to make the best decisions (Azizi et al., 2010). Identifying customers with high value in current customer is one of the knowledge management capabilities. Technology can act as a backup in this area but knowledge management provides effective use of information process by using technology (Moreno and Meléndez, 2011). This is important for organizations to know true and actual value is not just only in more information and more developed technology, but is in having customer relationship knowledge management. As it is referred previously, if customers information are changed into knowledge by business and uses it for improving customer relationship, can result to customer loyalty that its advantages includes: Low
The purpose of this research is the knowledge acquisition relevant to customers knowledge management, products and services in order to make sufficient decisions according to requested products and services by the customer and the distribution of knowledge means the knowledge dissemination to users automatically based on the interests, working and collaborative learning among groups, the development and diffusion of knowledge among individuals, groups and organizations and knowledge management publications in organizations. In Moreno and Meléndez idea in (2011), customer relationship management is based on the knowledge and knowledge management has a key role in CRM success and customer services improvement is the main purpose of the most knowledge management sketches (Alavi and Leidner, 2001). According to Zablith et al. in 2004, knowledge management is one of the structures that effectively manage the customer relationship management and companies should improve the customer relationship management capabilities. Moreover, according to Salmador and Bueno (2007) Creation and transfer of knowledge as a significant strategy is one of the fundamental processes that lead to innovation and learning in the organization (p 367).

2.4. The organizational variables

The companies need to redesign its value chain structure and orientation in order to successful implementation of customer relationship management, according to customers demand. There are organizations that had made changes considering the importance of customer relationship management in its organizational structure. Organizations should have a centralized structure for customer relationship management around critical relationship process. Three factor such as the staff, leadership and organizational structure are of the main aspects in organizational variables that has been investigated in this research. According to Shum et al. (2008) CRM implementation, can cause a considerable changes in both the organization and its business processes and organizational change management is essential. Therefore, the organizational structure, strategy and business processes are essential for the implementation of CRM, and success in this area depends on the innovation in true cooperation between IT systems, processes and people in the organization (Moreno and Melendez, 2011). Ryals and Knoxin 2001, believed that a perfect manager could learn new technology and customer relationship has effectively depends on the commitment and the involvement of top managers, and the managers role is very significant in customer relationship management improvement and create an attitude and commitment in different part of the organization.

Mendoza et al. in 2007 in a research named critical success factors for customer relationship management strategy, have studied 3 key aspects includes, human resources, processes and technology of customer relationship management strategy. Human resources in customer relationship management was of high importance in the results because relationship between people have a determining role in strategy performing of business even despite the best processes and the most advanced technology (Mendoza, Marius, Pérez and Grimán, 2007). It is because of this reason that factors such as staff learning, motivation and a proper rewarding system would determine the staffs involvement in performing these kind of strategy.

2.5. Customer relationship management

Since making and maintaining long-term relationships with customers is very important for the success of the company in the long term, customer relationship management has been changed into a key tool in business management. Customer relationship management (CRM) is a strategic and pragmatic attitude in customers and company relation (Messner, 2005). In Ramaseshan et al ideas, customer relationship management is a strategic process in selection of a company's customer, Can make the most profit in services and to form interactions between a company and customers with the purpose of optimizing its customers' current and future value (p 196). A customer relationship management system is a set of ways that provides a strong vision of unified customers in business area to ensure that each client receives the highest level of service (Karakostas, Kardaras and Paphanassiu, 2005), and it is a process that is intended to identify, attract and keep the best (Frow and Payne, 2004). The purpose of the relationship is having bonded with customers and builds trust, satisfaction and loyalty among customers. Research on CRM has increased dramatically in the recent years. According to Lindgreen research in (2004), some key success factors were examined in CRM implementation which 10 key elements studied are: customer strategy, customer interaction strategy, value creation strategy, culture, people, organizational structures, technology, process, knowledge management, and learning.

In another survey, Reinartz and colleagues (2004) found that the implementation of customers relationship have a positive relation with economic performance, objective and perceptual of the companies. A research done by Akhavan et al. (2011), the key factors of customer relationship management was classified in ten criteria, and some standards were the results base which included: CRM strategy, customer differentiation, human resources, process management, interaction management, information, systems and infrastructure as enablers and operational, conceptual and key results of CRM. And a
A comprehensive approach was provided for CRM implementation and evaluation in reviewing the key factors of customer relationship management.

According to Moreno and Melendez idea in (2011), development of value created in customer relationships based on knowledge is the purpose of Customer Relationship Management in a business strategy (p 438). The Gupta and Shukla (2002) have shown in their study that CRM is definitely a good strategy for banks to improve customer service and focus on satisfying the needs of customers. Customer relationship management focuses on process improvement in the areas of sales, marketing, customer services and supporting (Gupta and Shukla, 2002).

So, the financial institutions and banks and insurance companies apply CRM programs to develop close relationships with customers by providing customized services. According to Ramaseshan research in (2006), three effective factors have been identified on customer relationship management success in companies, which the first of these factors are outside the Company and include: differences in customer expectations, satisfaction, loyalty, profitability and customer value and their culture. The second factors were external and were due to differences in competition in environment, technology infrastructure and political system changes and legislation changing around the world. The third group of these factors is related to inside the company and is because of differences in related challenges to cultural issues and the power of the global companies to make a customer orientation organization (p 196).

2.6. Theoretical framework and conceptual model of the research

The mentioned factors in the statement of the problem has been shown in a conceptual model like Fig. 1, which based on the proposed model by Moreno and Melendez in 2011, the index of customer orientation, knowledge management capabilities, customer relationships technology and organizational variables has been paid attention in associated with the success of customer relationship management.

3. Research hypothesis

1. Customer orientation has a positive effect on organizational variables.
2. Knowledge management has a positive effect on organizational variable.
3. Customer relationship technology has positive effect on organizational variables.
4. Organizational variables have a positive effect on customer relationship management.

4. Research method

The present study is considered as an applied science from the nature of studied objectives. Managers and experts of Pasargad Bank branches in cities have formed the stoical population. In this study, simple random sampling method was used and a sample size of 200 was calculated using Cochran’s sample size formula. The required data was gathered in the field study, using a standard questionnaire consisted of 39 questions that all questions have to be a five- item Likert form. These data are analyzed by LISREL software. Chronbach alpha coefficient was used to determine the validity of questionnaire, that the percent of reliability was calculated, equal to 0.859 for a questionnaire with 39 questions.

In this paper, the measuring model has been provided by applying Perlis program from Liserel software after plotting the research analytical model based on the data by Path Fig. program that the hypothesis have been tested by using B coefficient and t-test in this model. Meanwhile, the fitness model parameters are automatically calculated by the program Perlis for the considering model.

5. Data analyze
Confirmatory factor method has been used to analyze the data by structural equation and using LISREL software after gathering the data. Structural equation modeling is a multivariate analysis technique which is general and is more powerful than multi-variable regression and is a generalized linear model that helps the researchers to test a set of regression equations simultaneously.

### Table 1: The research model fitness

<table>
<thead>
<tr>
<th>Fit Index</th>
<th>Macro</th>
<th>Standard Values</th>
<th>Estimated Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Df</td>
<td>Chi-Square</td>
<td></td>
</tr>
<tr>
<td>Chi-Square</td>
<td>Df</td>
<td>Chi-Square</td>
<td></td>
</tr>
<tr>
<td>Root mean square error of approximation</td>
<td>RMSEA</td>
<td>0.05</td>
<td>0.057</td>
</tr>
<tr>
<td>Normed fit index</td>
<td>NFI</td>
<td>0.90</td>
<td>0.74</td>
</tr>
<tr>
<td>Non-normed fit index</td>
<td>NNFI</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Comparative fit index</td>
<td>CFI</td>
<td>0.90</td>
<td>0.88</td>
</tr>
<tr>
<td>Root mean square residual</td>
<td>RMR</td>
<td>0.05</td>
<td>0.060</td>
</tr>
<tr>
<td>Goodness-of-fit index</td>
<td>GFI</td>
<td>0.90</td>
<td>0.77</td>
</tr>
<tr>
<td>Adjusted goodness-of-fit index</td>
<td>AGFI</td>
<td>0.90</td>
<td>0.74</td>
</tr>
</tbody>
</table>

As shown in Table 1 compliance or the goodness of fit indexes are all in a relatively acceptable level.

The following Fig. 2 shows the overall output Lisrel software models that simultaneously include the structural model and the measurement model that we would study then later. Fig. 2 shows t-values for the structural model and measurement, and Fig. 3 shows the factor loadings factors for the structural model and measurement.

Beta and gamma coefficients in the structural model indicate the correlation between latent variables (hidden) and are appeared on graphs that are related to the latent variables. For example, the correlation between customer orientation and organizational variables is $0.22 = \beta$; this means that the rate of change in organizational variables (as a dependent variable) for each unit change in the customer orientation (as predictor variables) is 22.0. If the amount of t-test for any hypothesis would be smaller than 96.1, doesn’t show a significant relationship between the independent and dependent variables in the hypothesis.

### Table 2: Hypothesis test result

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Coefficient</th>
<th>t-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.Customer orientation has a positive on organizational variables.</td>
<td>0.22</td>
<td>1.9</td>
<td>Accepted</td>
</tr>
<tr>
<td>2.Knowledge management capabilities, has positive effect on organizational variables.</td>
<td>0.26</td>
<td>2.8</td>
<td>Accepted</td>
</tr>
<tr>
<td>3.Customer relation technology has a positive effect on organizational variables.</td>
<td>0.52</td>
<td>2.15</td>
<td>Accepted</td>
</tr>
<tr>
<td>4.Organizational variables have a positive effect on customer relationship management.</td>
<td>0.66</td>
<td>3.63</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

### 6. The findings and analysis of results

Since customer orientation and knowledge management systems and customer relationship increases the organization ability to interact, attract and relationship with customers and increases knowledge about them, As a result, knowledge about customers is an important issue for the implementation of CRM. Positive effects of the studied factors in CRM success was confirmed by considering the provided information analyze in each hypothesis. The results show the positive effect of customer orientation, technology and knowledge management on CRM success by mediating organizational variables. Based on the analysis of data from each hypothesis, findings and conclusions are analyzed and offered in each part.

#### 6.1. First hypothesis

Customer orientation has positive effects on organizational variables by having a positive and significant path coefficient. The effect of independent variable on dependent variables has been supported by data in the table. And the path which connects these two variables is positive and significant and organizational variables increases 22 units for an increase in customer orientation. To researcher’s idea, Customer orientation indicates a good understanding of the organization’s customers and the employees’ customer orientation will affect their interactions with customers, directly and indirectly. And highly customer orientation organizations will be able to design its processes to improve their customer’s relationship. So in the last decades, services organizations such as banks and financial institutions have offered extensively necessary training on customer relationships to their staffs. The provided results of these hypothesis is correlated with the Moreno and Meléndez results, that showed customer orientation has positive effect.
in customer relationship management by mediating organizational variables. According to Bove and Johnson research (2000) employees customer relationship behaviors and building a tight relationships of employees with customers, have a positive impact on customer relationship management strategy and it is a good opportunity to create loyalty as a valuable asset for the services companies.

Fig. 2: Base model with t-values
6.2. Second hypothesis

The second hypothesis results show that knowledge management capabilities have a positive effect on organizational variables by having positive and significant path coefficients. Organizational variables have 0.26 increase, based on a unit increase in knowledge management capabilities. According to researchers, from the perspective of
management, customer relationship management is the knowledge, understanding customer needs or experimental studies of customer data's, and the key factors for knowledge management, is knowledge making and learning, development and sharing of knowledge and the knowledge influencing. Empirical studies in the context of knowledge management have shown that, knowledge management capabilities have a significant impact on the success of customer relationship management as a significant variable. Since knowledge creation and transferring as a strategy is one of the fundamental processes for organizational learning and innovation and is one of the fundamental processes of knowledge management capabilities to identify customers with high value of current customers. So, knowledge management plays a crucial role in the CRM implementation and is known as a changing factor in organizational landscape. As a result, knowledge management by mediating organizational variables has positive impact on the success of customer relationship management. As it is said in research literature Based on research Zablah and colleagues (2004), knowledge management is of processes that effectively manage the customer relationship management and companies should develop customer relationship processes capabilities.

6.3. Third hypothesis

According to the results, the effect of independent variable on dependent variables, has been supported by data in the third hypothesis and the correlation path between these two variables, is significant and positive (significant by the error of 5%). We can say with 95% confidence, that customer relationship technology has a positive impact on organizational variables. Today's new technology system is required for successful implementation of CRM. And there is more focus on customers, has leads lots of companies to proper solution through technology and using a good software and hardware to provide better services. Customer relationship management technology has been designed as a business strategy to improve employee engagement in organizational environment. According Petlier and colleagues (2009), customer relationship strategy is a strategic opportunity to better understanding of customer's in the organization. The results is correlated with Moreno and Meléndez result in 2011 that says, customer relationship strategy by organizational variables mediating, has positive effect in the customer relationship management success.

6.4. Fourth hypothesis

Also based on the results of the fourth hypothesis, the effect of independent variable is supported by data, on dependent variable and the path that brings together these two variables, is positive and significant (at the 5% error level is significant). As a result we can say with 95% confidence, that customer relationship management has a positive impact on organizational variables. Organizations have a centralized structure for customer relationship management of key relationships around the key and important relationship. According to theoretical research framework, three factors have been considered as the main dimensions that include: leadership, employee and organizational structure. To Mendez and colleagues idea (2007), human resources has been in a high importance in customer relationship management since despite having the best processes and the most advanced technology, the peoples relation has a critical role in implementing business strategy. Because of this, factors such as staff training, motivation and reward systems are appropriate settlement in employees' involvement of this kind of strategy and according to Moreno and Melendez (2011) results, organizational variables as an intermediate variable has a key role on the effect of knowledge management, and customer orientation and technology, in the successful implementation of CRM strategy.

7. Conclusions

Since the customers are the most important property of each organization, so customer relationship management is an effective way to meet the success of business, providing customer satisfaction, improve the personnel mood and make more profit for a financial or trading institution. So it is necessary to design and implement a system in organizations to attract and maintain the customer. A system that could manage the relationship between customer and organizations. The purpose of the present study was to examine the role of knowledge management systems and customer orientation and mediation effects of organizational variables as the determining factor in the success of CRM. The results confirm the fundamental role of organizational variables (employee, organizational structure and leadership) in customer relationship management implementation. And as it is said in the research literature, knowledge management has an important role on the success of CRM, and customer services improvement is the objective many of knowledge management projects, according to the analysis, the effect of organizational variables as mediators of other variables such as knowledge management, customer relationship management, customer orientation and technology was confirmed in the customer relationship management success. Researches have increased in recent years in CRM area, but there is little study about the effect of CRM in business and the obstacle in a successful implementation of it. Based on research conducted, the commitments of the people who are running it are needed for a successful customer relationship management in a business. We can be successful in CRM by understanding the consumers' needs and necessities, and placing these needs in business and
combining them with organizational technology and strategies and business process.

So, more consideration should be done in the future research to the development of valid and reliable scale to assess the implementation and success and empirical research should be done in the successful implementation of CRM.

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