

THE ROLE OF THE MARKETING ASPECTS IN KNOWLEDGE MANAGEMENT

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Abstract: The transition from an industrial era to the era of new economy brought about fundamental changes in socio-economic structures that make organizations increasingly attentive towards the issue of knowledge. Organizations realized that, as one of the ways leading to the expansion of organizational capacity, knowledge management is a major determinant to their competitiveness. Knowledge management as a sum of all initiatives and tools supporting processes which are necessary to locate, acquire, develop, share, and disseminate, measure, and define the appropriate knowledge resources in the firm. Article shows the importance of the marketing aspects in the creation and adoption of knowledge in organizations. This article analyzes marketing aspects in context of changes in business and the propensity to create, share, and use organizational knowledge; i.e., to develop an organizational capability. Reflections contained in the paper do not have definite characteristics and should be treated as an opinion in the discussion in fields management sciences.

Keywords: knowledge management, marketing, organizations, development, innovation.

Introduction

Organizations that plan to increase their capabilities must consider all elements that could enable the improvement of their development and efficiency. The elements are related to both institutional and human infrastructure and have an effect on organizational learning. To enable the creation of new ideas and innovations, an organization should pay attention to aspects of organizational relationships (such as common values and trust) as well as processes and systems that make its employees feel secure, protected, and respected. The implication is that all companies seeking a competitive advantage must appreciate the significance of knowledge management and incorporate it into their development strategies (Maqsood et al. 2007). The psychological contract is part of this process, not only as a factor contributing to knowledge creation, but also as an element which increases the likelihood that employees will eagerly share their ideas and innovative solutions with their employers.

Service innovation is the process of developing new services that will be perceived as new (never seen before), as well as those improvements which are useful to customers. Due to heterogeneous and fuzzy nature of services, short term transactional approach does not suits service sector. A strong long term relationship with customer aids service firms to understand the customer needs and wants, which further facilitates in service innovation process. Panesar

and Markeset (2008) proposed that that market needs and customer initiatives are the most important service innovation process drivers, and the utmost imperative notion for service innovation is customer's feedback. For optimized utilization of the knowledge gathered from customers construct of knowledge management must be incorporated within the organization. Knowledge management may be defined as the process of creating, capturing and using knowledge to enhance organizational performance.

Research Methodology

Market orientation is a widely discussed concept in marketing literature while relationship marketing has emerged as an important paradigm over the past decade. Research has shown the significance of relationship marketing for increased sales and enhanced organizational performance. On the other hand, knowledge management is also an important agenda for organizations. Prevalent approach of service dominant logic has raised the interest of researchers in studying service as science. Both manufacturing industry and service industry rely on service innovations for success and competitive advantage. This paper theoretically analyzes the role of market orientation, relationship marketing and knowledge management and proposes a theoretical framework for their combined effect on service innovation. The framework is proposed for researchers to conduct further empirical studies in order to test its validity in practical work environment.

This study with moderating effect of relationship marketing and knowledge management provides a conceptual frame work to how market oriented service sector firms may achieve the ultimate target of service innovation by utilizing knowledge management framework. This conceptual model may be tested empirically and may also act as a base for future researches in the areas of service innovation and market orientation.

The issues presented in this work do not exhaust the list of problems that aggravate researchers in this field. The contents (threads) included here give a sketch of the issues in order to stimulate the asking of further questions, rather than looking for specific answers. They are to become an inspiration for further exploration, to expand the boundaries of our knowledge and research abilities in the fields of economic sciences.

The effective knowledge management

Knowledge management may be defined to a systematic and organizationally specified process for acquiring, organizing and communicating both tacit and explicit knowledge of employees so that other employees may make use of it to be more effective and productive in their work.

Morris and Empson (1998) divided knowledge management into four stages.

- knowledge capture and creation,
- knowledge organization and retention,
- knowledge dissemination,
- knowledge utilization.

These four identified stages are followed in an organization in order to achieve the target of knowledge management. First knowledge is captured from external sources like market. It includes knowledge gathered from customers through feedback and suggestions etc. Knowledge creation can also be internal knowledge gathering which is knowledge creation and knowledge gathering within an organization.

Second step in knowledge management is knowledge organization and retention which includes storing of knowledge in databases and making it accessible for the use of entire organization. This step is followed by knowledge sharing which can be described as either push or pull. Knowledge Pull is when the knowledge worker actively seeks out knowledge sources (e.g. library search, seeking out an expert, collaborating with a co-worker etc.), while knowledge push is when knowledge is "pushed onto" the user (e.g. newsletters, unsolicited publications, etc.). Last step of the process is the use of that knowledge which is termed as knowledge utilization.

Employees with transactional contracts trade their short-term commitment to organizational needs for an opportunity to develop their careers and professional reputations; their rewards explicitly depend on the contract's formal terms and conditions, and are easy to predict. Terms of effective knowledge management in context psychological aspects showed in Table 1. Mutual needs are accompanied by three aspects of knowledge management.

Table 1. Terms of effective knowledge management in organization

Employee expectations	Aspects of effective knowledge management	Employer expectations
Development through expertise; Legitimization of authority; Support for knowledge Sharing	Aspects of professional career	Development of employee competencies, enabling them to attain their career goals
Respect, recognition of Knowledge	Aspects of the relational psychological contract	Sharing of ideas at all levels; Openness; Trust; Loyalty
Understandable work, information, and knowledge systems; Efficient HR strategy and policy in the firm	Aspects of the transactional psychological contract	Accumulation of knowledge and transferable skills

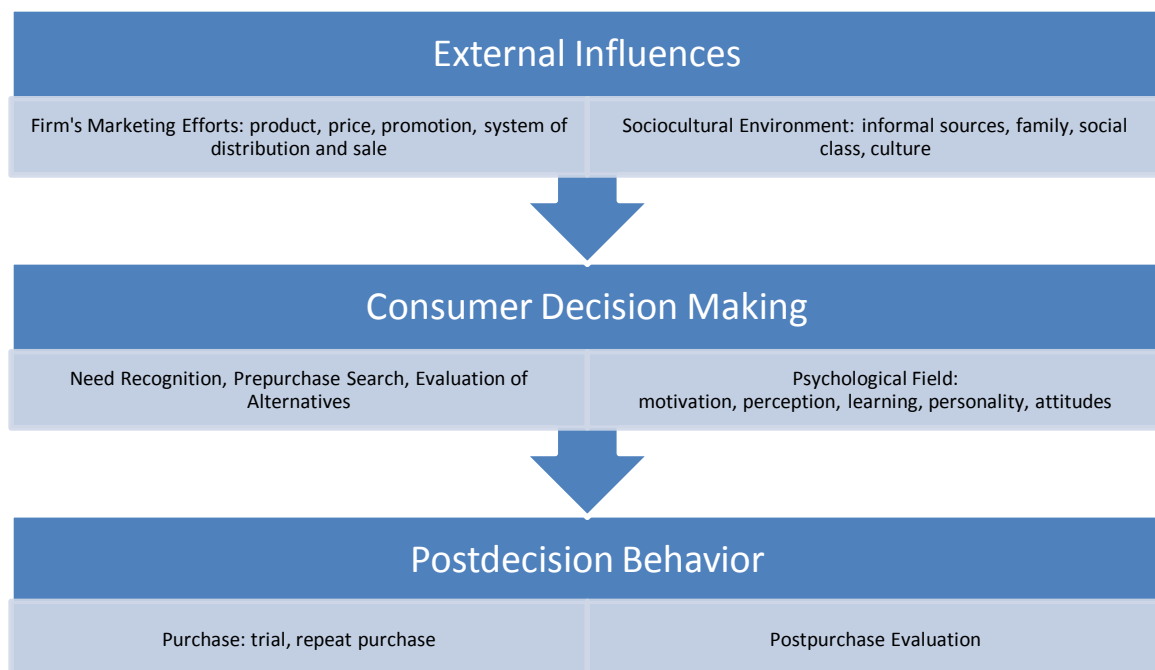
Source: own research.

Employees concluding a relational contract exchange their loyalty to the organization as well as their commitment to its needs and interests for the security of employment (which arises from an indefinite employment contract) and the possibility of developing their careers within the organization. Relational employment relationships in the organization may stimulate aspirations toward knowledge and innovation that cannot be attained, which means that their capability will also not increase.

The elements of marketing orientation

Consumer is at the center stage of any marketing effort. The marketing effort is futile when there is no constant focus on consumer and no quick response to the consumer needs by the marketer. To understand the consumers' buying behavior it is pertinent that the marketer should understand how a consumer makes decision for purchasing a product and what are the factors influence consumers' decision making processes. As no consumers are equal and every consumer possesses unique characteristics, understanding the mental characteristic of the consumer is not easy and also because of the frequent changing mindset of the consumer. The consumer makes the decision after considering various factors which will serve the purpose of acquiring the product. The decision making process passes through the complex set of activities which always directed towards solving the problem arisen in the mind of the consumer in the context of need arousal and quest for fulfillment of the need.

Figure 1. Model of Consumer Decision Making



Source: own research.

Figure 1 shows model of consumer decision making. The consumer has to take decision for anything he/she wants to acquire or purchase. If, the decision-making styles of the consumer is understood in a better way than the offerings from marketer can be designed and delivered in a better way. A lot of brainstorming and studies are being conducted all over the world to understand consumer behavior and vis-à-vis the decision-making process. It is also being increasingly realized that only companies that are developing products of global standard conforming to the changing requirements of the consumers would be able to retain their market share and earn profit. The products such as skin care and cosmetics, fashion magazines which are once considered as choice of female consumers are now also on the desired product list of male consumers. The marketers also developed the products like fairness creams for male consumers and also accepted by the male consumers (Nayak & Debasish, 2015).

The first component of customer orientation requires understanding of the customer. The rationale here is to create value for the customers which can be achieved by understanding what the needs of the customers are, again here the focus is on both present and future needs. Information of competitor is equally important as customer information. Competitor orientation is parallel to customer orientation (Narver, J., Slater, S. & MacLachlan, 2004).

It is of key importance to know your competitor's present and future plans well. Their strengths and weaknesses, their advantages and capabilities so the organization may prepare itself for the competition as well. Inter-functional coordination is important for the coordinated use of company resources and distribution of information throughout the organization. All the departments in an organization must understand and respect needs of each other as this will bring different ideas on the table and with that culture an organization can create value for its customers.

Studies have shown that companies which implemented customer value management achieved higher growths in their value than others (Kumar & Shah, 2009). The profit margin, frequency of purchases and the rate of additional sales increased. This resulted in an increase in customer equity by 19,4%. The value of companies in the B2B market increased by 32,8%. The customer value on the B2C market rose by 23,3%. The market value of companies grew by 57,6%. This growth was much higher than the average growth seen on the S&P 500 stock market index, widely used by analysts in the US to compare the value of shares; twice as high in the case of B2B and 3,6 times higher in the case of B2C, respectively.

The level of market orientation in a business unit is the degree to which the business unit obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customer needs and wants. This approach of market orientation focuses on single business unit. Information is gathered from

external environment i.e. customers and resources are allocated to the goals and objectives set as a response to the information provided with by customer. Designing a plan with focus on customer centric strategy in order to fulfill customer needs and wants. This is a narrowed concept as focus is on strategy making rather than other stakeholders (Ullah, Ahmed & Zhukov, 2016).

The shaping of marketing relations

Relationship marketing concept treats customer as partner and emphasize on building networks with customers. That relationship played a strategic and tactical role in networking between business partners. Stone and Mason (1997) demonstrated the strategic nature of relationship in marketing with the close-knitted networking and interdependencies of business partners participating in the processes of system selling, just-in-time, and quick response system.

A company's relationship with its clients may take on different forms depending on its duration and complexity. Exchange of value in its simplest form, in the shape of a transaction, is a single event characterized by low engagement of both parties. The opposite of a transactional exchange is a relationship between buyer and seller with multiple exchanges of value and is linked with a higher level of commitment than in the case of a transaction. Relationship marketing, a model approach to company relationships with its customers, is presented by S. Hougaard and M. Bjerre. They distinguish three components of the relationship between buyer and seller. These are: exchange, interaction and integration (Hougaard, Bjerre, 2004). A relationship which is dominated by the exchange of value in the form of repetitive transactions is the simplest form of exchange. A more complex type of relationship is based on interactions - exchange of value which also includes the exchange of information. The result of exchange based on interaction can be the creation of social or structural bonds. The highest form of relationship is integration on both sides. This consists of mutually tailoring resources and ensuring the efficiency of operations.

The realization of new marketing functions, in the context of new values, requires from the company the adaptation of a strong marketing orientation for the entire company at board level (top management). The second issue is to create departments responsible for customers of a specific segment, which would replace product departments. The third issue is integrating the activities of all employees in the process of creating value for the customer (Czarniewski, 2015).

The main intention of the management of customer value must be concentrated on how to utilize past, current and future relations with customers to gather knowledge about the customer. This knowledge should then be exploited to increase the customer's value for the

enterprise. Using this approach to customer value management means shifting away from the management of the product portfolio to the management of the customer portfolio.

Some researchers focus much on the relationship portfolio effectiveness by describing the perceptions of the business unit's portfolio of customer relationships. Hence, relationship portfolio scans and recognizes the customer portfolio as a group. The responsiveness is one possible strategic pathway by which a firm provides value to its customer portfolio with increasing effectiveness. An increase in customer responsiveness, it enables the firm to act timely to customer needs and wants. In order to create superior customer value across the portfolio, a firm should possess the ability to swiftly respond to customers and strengthen their products and services (Kohli & Jaworski, 1990).

Company marketing strategy is an important and crucial constituent for the global market. Marketing strategies can vary from country to country, brand to brand and organization to organization. In order to achieve a satisfactory and adequate marketing strategy which has a positive outcome on global and overall firm success, the marketing department within a company should bear in mind all the different marketing mix strategies that can influence the comprehensive result and the cumulative firm success. When launching a product into foreign markets companies can use a conventional marketing mix or adapt the existing marketing mix, to satisfy the country they are carrying out their business activities in. the link between standardization/adaptation and company performance is complicated and possibly influenced by other factors.

Marketing strategy is a significant driving force that distinguishes the success of many organizations not only by well developed marketing strategies outlining where, when, and how the firm will compete but also by their ability to execute the marketing strategy decision options chosen. The appropriate and effectively implemented marketing strategies are required to productively guide the deployment of the limited available resources via the firm's marketing capabilities in pursuit of desired goals and objectives (Theodosiou & Leonidou, 2003).

Marketing strategy is an essential part of conducting business operation as it directly influences the outcome and result of firm performance. Since one regard of a marketing plan affects all of the others, coordinating business projects is significant when reducing interference and maximizing company profits. In terms of the program perspective the marketing strategy standardization/adaptation is important in the sense it can separate marketing mix elements to be standardized or adapted in the international market (Saif, & Aimin, 2016).

Conclusions

1. In a present era of globalization and rapidly changing environment the combined role of relationship marketing (cooperation and collaboration) with knowledge management (capturing information & sharing) gives strength to the implementation of service innovation through market orientation practices. If this system is developed and implemented in organizations, it will help to build strong culture of collecting and sharing knowledge that plays key role to enhance service innovation.
2. In view of the changes taking place in the business environment, it can be concluded that the formation of lasting relationships with customers is simply a way to gain competitive advantage. The factor for the stability of relationships is undoubtedly knowledge. It is now one of the most valuable resources; its collection and skillful use forms the basis for strategic decision making and development of marketing strategies. The greater the resource, the easier it is for the company to develop and offer valuable benefits to their clients, and this, in turn, effectively prevents clients from forming relationships with competitors.
3. The creation of value for the customer is beginning to dominate as the main goal of the company's management. Customers, with their purchasing decisions, determine a company's cash flow and profitability (as a result of acceptable prices). This in turn creates the value of the company, followed by the inflow of capital from investors.

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