
**CAUSE-EFFECT RELATIONSHIP BETWEEN CUSTOMER CAPITAL AND
COMPETITIVE ADVANTAGE IN PRIVATE SECTOR**

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Abstract: Customers are a cornerstone to success for all type businesses. Knowledge about customers should lead to improvements in the effectiveness and efficiency of the internal business processes, for examples, the productivity of customer service representative; the reduction in learning curve, and the acceleration of product and service projection. Thus, knowing customers is not only very important for knowledge management but rather a necessity. Sustainable competitive advantages of those firms that are based on customers knowledge lead to higher performance as described in theory. Therefore, the paper provides information to what extent the relationship between customers and knowledge management is developed in practice of the respective sector of industry. The research includes the variables of knowledge management, such are: possession of knowledge, saving of knowledge, processing of knowledge and knowledge transmission, whilst the hypotheses are tested through empirical data of 323 correspondents. The data were analyzed using SPSS software and regression model of Anova. Results of the study indicate a direct impact and positive relation of knowledge management respectively customer capital and competitive advantage.

Keywords: customer capital, knowledge management, intellectual capital, competitive advantage.

1. BACKGROUND

The times, they are a changing. (B.Dylan, 1964). Changes force organisations to rethink their way of doing business. Either they are willing and able to adapt to the changing business environment or they are about to fail. Not the producers determine the business life but the customers do due to their growing economic power. Many producers of goods and services make similar offers to its customers. They struggle for the same people that are not willing to buy a second washing machine, a third car or the fourth insurance policy. In other words, there is keen competition. So the organisations have to think in how far their offer satisfies the customers needs better than their competitors offer. And this thinking process should not only be done internally but should be shown to the customers. The customers demand additional value. Only those companies that can offer the value will succeed. Consequently there is a need for organisations to create values. This could mean that intangible values are added to tangible goods and intangible values are sold in tangible forms.

In the twenty-first-century landscape, firms must compete in a complex and challenging context that is being transformed by many factors, from globalization, technological development, and increasingly rapid diffusion of new technology, to the development and use of knowledge (Hitt, Keats, & DeMarie, 1998). This new landscape requires firms to do things differently in order to survive and prosper. Specifically, they must look to new sources of competitive advantage and engage in new forms of competition. This, in turn, requires a clear understanding of the nature of competition and competitive dynamics. One popular approach to understanding competitive dynamics is the resource-based view of the firm. According to this view, the explanation for why some firms ultimately succeed and others fail can be found in understanding their resources and capabilities. A firm's resources and capabilities influence both the strategic choices that managers make and the implementation of those chosen strategies. (Priem & Butler, 2001; Barney, 2001).

To understand why certain competitive strategies are more effective than others, one must consider the distribution of resources in competing firms. Although a given firm may possess more or less of any particular resource, only those resources that are rare, valuable, and difficult to imitate provide a sustainable competitive advantage (Amit & Schoemaker, 1993; Barney, 1991; Schoenecker & Cooper, 1998). When the strategies employed are successful in leveraging the firm's rare, valuable, and difficult-to-imitate resources, that firm is likely to gain an advantage over its competitors in the marketplace and thus earn higher returns (Hitt, Nixon, Clifford, & Coyne, 1999). Competitive advantages that are sustained over time lead to higher performance (Peteraf, 1993).

2. THEORETICAL FRAME

2.1 Knowledge based competition

The notion of knowledge-based competition has gained significant attention in recent years (Grant, 1996; Liebeskind, 1996), with scholars focusing on how firms create, transfer, and leverage knowledge or competitive advantage. And although there are many reasons for the success of firms competing on knowledge, human capital is at least in part a foundation for core competencies and an underlying source of competitive success (DeNisi, Hitt, & Jackson, Chapter One, this volume; Hitt, Bierman, Shimizu, & Kochhar, 2001; Wright, Dunford, & Snell, 2001). Yet whereas all people contribute knowledge, innovation, creativity, and the like, not all employees are equal in their knowledge-based contributions.

Virtually all work performed in firms requires employees to use some knowledge and skill. Organizations must manage a wide assortment of employees; some contribute based on the knowledge they possess whereas others contribute based on the jobs they do (see, for example, Drucker, 1999). The challenge that organizations face is this: there are important distinctions between managing traditional work and managing knowledge work.

Identifying these differences and perhaps more importantly, understanding how to manage them, may be crucial for building competitive capability. In some ways, the new focus on managing the knowledge of a firm's workforce represents a departure for human resource management. Traditionally, the field has viewed the job, rather than knowledge, as the fundamental unit of analysis. We believe that shifting our emphasis from job management to knowledge management—that is, to what people know and how they use that knowledge—may have significant implications for HRM research and practice. One possible way to address these issues is to view a firm as a portfolio of multiple types of human capital that range in the kinds and levels of knowledge used to perform jobs. Once this distinction is made, we can address issues fundamental to the management of knowledge workers as well as to the management of other types of workers. Successful knowledge management applies a set of approaches to organizational knowledge including its accumulation, utilization, sharing and ownership.

2.2 Customer Capital

The organisation should keep care for its customers. They should treat CC in the best way possible, for CC is one of the most important factors on which the future of organisation depends. They should also invest in their customers, just as they do in their people and structures. There is a world of investment opportunities:

Innovate with customers - Successful innovation, even if it is not protected by patents, has always been a superb defence against a margin squeeze. The important advantage of innovating with customers is that an investment you make in R&D can be more productive if you already have a customer.

Empower your customer - Empowered customers enormously increase the amount of information, and this will ensure the organisation to offer better services to their customer.

Focus on customers as individuals - This means ability to respond flexibly to individual customers' desires. To build CC the share of customers is a better strategy than share of market: get your best customers to give you more of their business – e.g. not just a credit card, but checking and savings accounts, a mortgage, a retirement plan etc.

Share the winnings with your customers - CC is wealth that is accumulated when the producer and the customer do not wrestle over surplus they have created together (cost savings, for example), but agree tacitly or openly to own it together. The closer the partnership between buyer and seller, the greater that surplus can be.

Learn your customer's business, and teach her yours - The more you know about your customer's business, the better you can serve her. You cannot learn with customers if you leave the relationship entirely in the hands of a salesman or purchaser.

Become indispensable - Use the information you have to provide a vital service to your customer, making it harder for him to switch to another supplier. (Th. Stewart, 1998).

Customer Knowledge Management refers to the management of customer knowledge (Rowley, 2002). By understanding the customers' needs and wants, it is important for businesses to streamline processes, products and services in order to build sustainable customer relationships. However, this understanding must be shared among departments because organization consists of interdependent units, working together to serve the customers. Sharing the customer knowledge as one type of knowledge sharing can help firms to identify present and latent customer needs. Until now, most companies have focused on collecting vast amounts of data about their customers, but they do not know how to deal with them (Davenport, 2001).

The concept of CKM has been firstly advocated by Gibbert, Leibold, and Probst (2002), who describe CKM as the strategic process by which cutting edge companies emancipate their customers from passive recipient of products and services, to empowerment as knowledge partners. They said that CKM is about getting, sharing, and expanding customer knowledge that resides in, to both customer and corporate benefits. It can take the form of prosumerism, joint innovation, with team-based learning, communities of practice, and joint intellectual property (IP)

management. Besides, Gebert, Gelb, Kolbe, and Brenner (2002) from University of St. Gallen, who develop their CKM concept through reflections on CRM and the use of knowledge gathered to support business processes. The task of CKM, as highlighted by them, is to design the knowledge flow inside and between the CRM processes and to allocate relevant knowledge gained from customer-related processes to others. Three main dimensions of CK are classified in their studies known as knowledge for customers, knowledge about and from customers, as well as customer capital.

Knowledge from customers is the knowledge captured from the customer database. Customers get their own expertise while using the product or service at the same time improving the customer experience with the firm. During the interaction with the customer, this knowledge can be gathered to feed continuous improvement, such as improvements or new product development. No matter what the client knowledge is collected, it is important to manage and organize it properly. As a result, organization can develop partnerships with customers to produce innovative products and services that can improve organizational performance.

3. EMPIRICAL DATA AND ANALYSIS

Current study is categorized as an applied descriptive study according to its target and based on its subject and structure of its hypotheses. The target is to describe conditions and phenomena. These phenomena include aspects of knowledge management and its relation with customers. As this study considers the effect of KM on CRM, the research is categorized as correlative studies. In this order, Pierson methodology is used and independent variable of KM and dependent variable of CRM and their various aspects are considered. Study hypotheses are described as below according to the target, method and variables:

According to history and literature of this study and its hypotheses, information management is considered as a independent variable and these aspects are considered for assessment: possession of knowledge, saving, processing and knowledge transmission. According to the model of Suini's group, any relationship with customers includes collaborative, operational and analytical aspects. Authors have deleted collaborative indicator which was for customers and have considered operational and analytical aspects which are specialized for employees and technical experts to consider customer relationship management as a dependent variable.

3.1 Descriptive achievements of study

Considering situation of variables of research: To assess and evaluate the variable of knowledge management level in study wholesalers industry, the four aspects (possession of knowledge, saving, processing and knowledge transmission) were used. This variable includes 22 characteristics in ordinal level of measurement and in Likert spectrum and is designed with five multiple choices. A distance variable - with amplitude of 88 - was calculated after summing up grade characteristics, refers to high level of knowledge management and 22 refers to low level. According to table 1, it can be said that knowledge management in study organizations is almost beneath the mean level (mean=63.5). Knowledge management level in these four aspects is presented as following:

Table 1: Descriptive statistics about knowledge management

Descriptive statistics for independent variable	Standard deviation	Variance	Min statistics	Max statistics	Mean	Total
Knowledge management	3.41	11.78	54	72	63.5	294
Possession of knowledge	2.4	5.6	12	23	16.9	294
Saving	1.9	3.4	22	31	27.04	294
Processing	1.11	3.8	5	12	9.03	294
Transmission of knowledge	0.985	0.991	7	11	9.6	294

In general, the two aspects (operational and analytical aspects) were used to assess and measure customer capital management in wholesaler sector. The variable includes 26 characteristics in the level of ordinal assessment and according to Likert spectrum with 5 multiple choices. A distance variable - with amplitude of 100 – was calculated after summing up grade characteristics. 125 refers to high level of customer capital relationship management and 25 refers to low level. According to table 2, it can be said that customer relationship management in study banks is almost above the mean level (mean=88.5). Customer capital level in two operational and analytical aspects is presented below.

Table2: Descriptive statistics about customer capital

Descriptive statistics for independent variable	Standard deviation	Variance	Min statistics	Max statistics	Mean	Total
Human power efficiency	9.4	85.19	69	115	88.5	294
Operational aspect	8.6	73.8	32	75	53.2	294
Analytical aspect	3.5	3.6	27	43	28.2	294

3.2 Hypotheses

To consider hypotheses in study wholesalers industry, Pierson test was used and the results are presented in table 3. Subsidiary hypothesis 1: There is a meaningful relation between possession of knowledge management and customer capital in wholesalers industry.

The results of Pierson R-test indicate that there is a meaningful correlation (sig=0.000) between possession of knowledge and customer relationship management. The total results say that more positive conception of personnel to possess knowledge, increases success of customer capital. The correlation between two variables is linear and both of them will increase or decrease at a time. Correlation intensity between two variables is strong (R=0.518); so, the hypothesis is approved temporarily.

Subsidiary hypothesis 2: There is a meaningful relation between saving and customer capital in wholesalers industry. There is a meaningful correlation (sig=0.000) between saving and customer capital. The total results say that more positive conception of personnel to saving, increases success of customer relationship management. The correlation between two variables is linear and both of them will increase or decrease at a time. Correlation intensity between two variables is strong (R=0.204); so, the hypothesis is approved temporarily.

Subsidiary hypothesis 3: There is a meaningful relation between processing and customer capital in wholesalers industry. There is a meaningful correlation (sig=0.000) between processing and customer relationship management. The total results say that more positive conception of personnel to processing, increases success of customer relationship management in banks. The correlation between two variables is linear and both of them will increase or decrease at a time. Correlation intensity between two variables is strong (R=0.483); so, the hypothesis is approved temporarily.

Subsidiary hypothesis 4: There is a meaningful relation between knowledge transmission and customer capital in wholesalers industry. There is not a meaningful correlation (sig=0.301) between knowledge transmission and customer capital. The total results say that conception of personnel about knowledge transmission has no effect on customer relationship management; so, the hypothesis is approved temporarily.

Main hypothesis: There is a meaningful relation between knowledge management and customer capital in wholesalers industry. The results of Pierson test indicate that variables of knowledge management and customer capital have a relationship of R=0.71 and it can be said that correlation intensity between two variables is 0.71 which is a very strong level. The correlation between these two variables is direct (positive) and meaningfulness level (sig=0.000) is less than research alpha ($\alpha=0.05$) which refers to a meaningful relationship between these two variables; so, the main hypothesis of study is approved temporarily. It can be said according to these achievements, the higher conception of personnel about knowledge management will improve customer capital management.

Table 3. Relationship correlation test between organizational justice and human power efficiency

	Correlation coefficient	Meaningfulness level	Results
Subsidiary hypothesis 1	0.518	0	approved
Subsidiary hypothesis 2	0.204	0	approved
Subsidiary hypothesis 3	0.483	0	approved
Subsidiary hypothesis 4	0.201	0.301	Rejected
Main hypothesis	0.71	0	approved

Fitness model of explaining factors of customer relationship management To define fitness of this model, aspects of knowledge management (knowledge possession, saving, processing and knowledge transmission) which are measured in distance assessment level were inserted into the equation as independent variables. In this study, multi-variable regression analysis is done by means of step-to-step method. The results of regression analysis refer to explaining factors of customer capital management which are inserted among all independent variables. In total

model, all variables are inserted in regression equation and explain almost 0.542 percent of changes of dependant variable. According to statistics of table 5 it can be indicated that multiply correlation coefficient is 0.74 (MR=0.74) and its square root is 0.548; so, three dimensions of positive concept of employees of knowledge possession, saving and processing, purely include 0.542 of customer relationship management variance in study organizations. Other variances can be explained by external and unknown factors which are not included in this study. Knowledge possession is the most important factor which is more effective than others.

Table 4. Multivariable regression analysis statistics of customer relationship management

Multiply correlation coefficient	R-square explain coefficient	Adjusted R-square
0.72	0.548	0.542

Table 5. Multivariable regression analysis statistics of customer capital

Resource of changes	Level of freedom	Sum of squares	Mean of square	F statistics	Meaningfulness
Regression effect	4	3061.563	765.391	88.117	0
Remainder	291	2527.65	8.686		
Total	295	5589.213	--		

The results of variance analysis show that explaining variables are meaningfully able to foresee the changes of dependant variable (customer relationship management); in other words, AR explaining model is an adjusted meaningful model. In order to know about existence or nonexistence of any cause and effect relationship between variables of this research and to consider proportion of observed data with model of research, the output of software is used that indicates suitability of processed structural model to be executed in structural equations of main hypothesis of study (ratio of x^2 to DF is less than 1 and as the result, x^2 is low). Structural model of research is fitted properly and therefore observed data are correlated to model of research.

CONCLUSION

The target of this study was to define a relationship between knowledge management (knowledge possession, saving, processing and knowledge transmission) and customer capital as a cause effect relationship toward competitive advantage. As the results showed, there was a direct and meaningful relation between three aspects of knowledge management (knowledge possession, saving, processing) and customer relationship management. Such meaningful and direct relation indicated the importance of conception of employees about knowledge management in their organization. The outcome of a positive and/or meaningful relationship between customer capital and knowledge management of organizations, would be a competitive advantage.

Namely to have a successful customer management system, the customer data should be obtained, saved and recorded to be changed to information and knowledge. Generally, according to the results of this study it can be declared that if employees understand the importance of "knowledge possession", knowledge management system will be prospered and elevated. According to achievements, "saving" criterion as the third factor, has a positive effect on improvement of customer relationship management in sales industry of Kosova.

Achievements of this study, totally, show that knowledge management has a direct and positive relation with customer capital. So, in order to reinforce the agents to perform knowledge management, following suggestions may be considered: Operational and supreme managers and also administrative staff of enterprises should believe in important role of knowledge management in their organization and its effect on organizational success and on improvement of customer capital, and try to use knowledge management in key issues of their organization and in their decisions. In this regard, training staff to make them familiar with proper methods will be fruitful. Enough attention of bank managers to intellectual capitals and execution of knowledge-base strategies to define these programs will be a successful effort to establish knowledge management.

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