

# Effect of marketing knowledge management on organizational performance: A case study in Iran Insurance of Kermanshah

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## Abstract

The aim of this paper is to study the effect of marketing knowledge management on organizational performance of Iranshahr Insurance of Kermanshah. For this purpose, 82 employees of this company were selected with the use of simple random sampling method and responded to self-made questionnaire of the research. The obtained data from these questionnaires were analyzed by using two-variable regression test. The results indicated that assets and capabilities of marketing knowledge management have significant effect ( $p < 0.01$ ) on general performance, market-related performance, customers' performance and financial performance of Iranshahr Insurance company of Kermanshah.

**Keywords:** knowledge management, organizational performance, marketing, Insurance company

## Introduction

Knowledge management is an order which includes identification and analysis of required and achievable knowledge assets and processes related to knowledge assets and guarantees planning and control actions for developing assets and processes, so that the organizational aims will be realized and implemented (Macintosh, 1998). This simple definition indicates that knowledge management has two main elements: assets and capabilities and processes related to knowledge assets. This definition is based and related to a source which assumes

equal the organizational capabilities with processes of granting advantage and architectures used for utilization of assets creating tangible and intangible values (Winter, 1987; Kay, 1993; Nielsen, 2005; Akroush, 2006; Clulow *et al.*, 2007; de Sarbo *et al.*, 2007).

Regarding the importance of marketing growth in advanced commercial environments, a requirement has been created for most of the advanced organizations to manage their marketing knowledge management (Hanvanich *et al.*, 2003). Marketing knowledge management Refers to a particular domain of knowledge which is related with organizational marketing processes. A marketing process includes a variety of activities in which the goals and responsibilities are fluctuating. For example, some of the marketing activities have been designed for development and management of marketing mix of an organization and there will be other activities which have been designed for development, operation and dissemination of marketing information. However, some other highly advanced and complicated activities have been designed for implementation of marketing philosophy and other marketing procedures as a whole. This change in marketing activities requires the presence and benefit of relevant assets and capabilities which empowers marketing knowledge management for realizing the organization's aims and targets. Hence and in relation to Macintosh definition (1998) from knowledge management, marketing knowledge management is defined in this way: marketing knowledge management is an order includes identification and analy-

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sis of required and achievable knowledge assets and processes related to knowledge assets and it guarantees the planning and control actions for developing marketing assets and capabilities to achieve organizational goals.

In this field, marketing assets are considered as blessings and dedication of resources that the company has obtained them or have been built over time and can be utilized as advantage in market (Hooley *et al.*, 2003). On the other hand, marketing capabilities are considered as wrapped packages of skills and learnt knowledge which are used through the processes of the organization and they create these capabilities in the organization which get integrated with activities and make use of their advantages (Day, 1994).

Researchers of the field of knowledge management have come to this view that effective knowledge management is a source of competitive advantage and improved performance (Pitt and Clark, 1999; Barchan, 1998; Darroch, 2005; Lin & Tseg, 2005; Tanriverdi, 2005; White, 2005). However, rethinking the conducted researches in the field of knowledge management and marketing knowledge management put some observations under our attention which include focus on practical implementation of knowledge management and marketing knowledge management. For example, Carrillo *et al.* (2003) have focused on knowledge management strategy, while the focus of Wong (2004) has been what we call it “knowledge management chain of value”. On the other hand, Lin & Tseng (2005) have focused on “knowledge gaps”. Sai and Shia (2004) have focused on saving, dissemination and creation of marketing knowledge processes. The second observation with the characteristics of cooperation between knowledge management is without considering focus or its domain on organizational performance. For example, Carrillo *et al.* (2003) have developed a framework which connects knowledge management to organizational performance. Taneriverdi (2005) has studied knowledge management capability as a mediator between dependence of information technology with organizational performance.

So many companies nowadays have engaged themselves in knowledge management extensively to be able to persist in competition. Unfortunately, so many of knowledge management's projects, in reality are informing projects. When these projects provide integrated data but no significant in-

novation is observed in services and products, the knowledge management concept will be doubted. It is Obvious that searching in line with going beyond information management borders and entering knowledge management territory is a complex responsibility and helps companies in identification, transformation and dissemination of knowledge (Jia-JengHou *et al.*, 2010).

Considering the above-mentioned issues, the aim of this paper is to study the effect of marketing knowledge management on organizational performance of Iranshahr Insurance Co. of Kermanshah. In the following section, we will present methodology used in this research and then obtained results will be discussed.

## Literature Review

Joorabchi and Khoustravi (2009), in their research, have studied the effect of knowledge management on performance of teachers of secondary schools in Tehran and they have found that more teachers are familiar with dimensions of knowledge management (discovery and creation of knowledge, utilizing cooperation of students by teachers, putting to share the students' knowledge by teachers, using technology, evaluation of students by teachers) the more will be their achievement of these dimensions and it will increase their performance. Also calculation of coefficient of determination have shown performance variations of teachers can be determined 18% of through discovery and creation of knowledge, 14% through cooperation in knowledge, 13% through organizing knowledge, 7% through using knowledge 11% through performance of knowledge and 15% through knowledge management.

Rajaiepour and Rahimi (2008), in another research, have studied the relationship between transformation process of knowledge management and performance of the faculty members of Isfahan University and have found that there is a positive and significant correlation between these two and also there is no significant difference between the average realization rate of elements of knowledge management by the faculty members based on age, gender, field of study and employment status.

Darvish *et al.* (2009), in their paper, have studied the relationship between knowledge management and performance of Jihad Agriculture Education Center of Isfahan and have found that each of

the variables of creating knowledge, obtaining knowledge, organizing knowledge, saving knowledge, disseminating knowledge and utilizing knowledge alone have a significant and positive relationship with performance of the center.

Safdarzadeh *et al.* (2012), in another research, have studied the effect of knowledge management strategies on knowledge innovation and organizational performance and have concluded that with more than 99% of confidence, variables of innovation and organizational performance have a direct relationship with coding. Also, innovation and organizational performance have direct relationship with personalizing knowledge. The results of the study indicated that knowledge personalizing and knowledge coding have positive effect on innovation and organizational performance and also that this variables affect organizational performance positively through innovation and there is a positive and significant relationship between innovation and organizational performance.

Furthermore, Mamoun *et al.* (2010), in their paper, entitled “the effect of marketing knowledge management on organizational performance: An empirical study of Telecommunications organization in Jordan” have found that marketing knowledge management assets have positive effect on performance. Marketing assets have shown to have the largest effect on customer performance, while external marketing capabilities have largest effect on financial performance. On the other hand, the minimum effect on market and financial performances, investment in marketing assets will maintain the positive relationship in all the dimensions of performance.

Qingmin Hao *et al.* (2012) have conducted a research entitled “How does organizational structure affect the performance of organization through learning and invention in Australia and China?”. They found that it appears that some of organizational structures perform better in some specific market sections, however; it cannot be said that there is one best method of organizing for organizational structure. They also found that different types of organizational structures can have the same level of good performance and sustainable and stable organizations didn't have more opportunities than changing organizations for increasing their profitability. They have provided strong evidences regarding the relationship between organizational structure and organizational performance and state that effective organizational structure has positive

effects on both types of performance, i.e. economical and non-economical.

## Methodology

### Participants

The population of the present research includes all the employees of Iranshahr Insurance Company of Kermanshah which are a total number of 110 individuals. The research sample has been selected by using simple random sampling method which is a total number of 82 employees.

### Design

The present research is applied from aim point of view and descriptive-correlation from method point of view and is survey from the point of view of conduct.

### Instrument

Questionnaire is one of the common tools and a direct way of collecting data. A questionnaire is a set of questions that the respondent should provide the required response to them and these responses provide the required data for researcher. Through the questions of the questionnaire, we can study the knowledge, interests, attitudes and thoughts of the individual how have responded to it (Bazargan *et al.*, 2009).

In the present research, in order to collect data of the theoretical part of the research, bibliographical methods such as books, articles, theses and websites were used and a questionnaire was used for describing the point of view of the research sample. It includes the questions related to the effect of marketing knowledge management on organizational performance of Iranshahr Insurance company in Kermanshah which was designed based on Mamoun and Samer's (2010) article. For testing the content validity of the questionnaire, the opinions of experts and specialists in this field were taken into account. Regarding the reliability, it was calculated by Cronbach's alpha which was equal to 0.83, indicating a proper amount reliability.

## Results and Discussion

In order to identify the effect of marketing knowledge management on performance of Iranshahr Insurance company of Kermanshah, two-variable linear regression test was used, the analytical results of which was presented first and then the results of each hypothesis were reported separately.

**Table 1. Results of the amount of effect of marketing knowledge management on organizational performance**

variable	R <sup>2</sup> adj.	Beta	F	P
General performance	0.25	0.05	84.038	.00
Market-related performance	0.12	0.36	36.496	.00
Financial performance	0.29	0.54	101.658	.00
Customer-related performance	0.20	0.45	64.185	.00

Research hypothesis 1: Assets and capabilities of marketing knowledge management (MKM) have a positive and significant effect on general performance of Iranshahr Insurance Company of Kermanshah.

According to the above table, the results indicated that assets and capabilities of marketing knowledge management have a significant effect ( $p < 0.01$ ;  $R^2_{adj} = 0.25$ ) on general performance of Iranshahr Insurance Company of Kermanshah.

Research hypothesis 2: assets and capabilities of marketing knowledge management (MKM) have a positive and significant effect on market-related performance of Iranshahr Insurance Company of Kermanshah.

The results of regression test show that assets and capabilities of marketing knowledge management have a significant effect ( $p < 0.01$ ;  $R^2_{adj} = 0.12$ ) on market-related performance of Iranshahr Insurance Company of Kermanshah.

Research hypothesis 3: Assets and capabilities of marketing knowledge management (MKM) have a positive and significant effect on customer-related performance of Iranshahr Insurance Company of Kermanshah.

The results indicated that assets and capabilities of marketing knowledge management have a significant effect ( $p < 0.01$ ;  $R^2_{adj} = 0.29$ ) on customer-related performance of Iranshahr Insurance Company of Kermanshah.

Research hypothesis 4: Assets and capabilities of marketing knowledge management (MKM) have a positive and significant effect on financial performance of Iranshahr Insurance Company of Kermanshah.

As it is clear from table 1, assets and capabilities of marketing knowledge management have a signif-

icant effect ( $p < 0.01$ ;  $R^2_{adj} = 0.20$ ) on financial performance of Iranshahr Insurance Company of Kermanshah.

## Conclusions

The 21th century is a starting point of knowledge-based economy, a century in which each of the organizations want to have a better performance and the fact that how an organization can have required qualification inside and outside have an important role and most of researchers have tried to study the share and role of knowledge management in working processes of organizations.

Gold *et al.* (2001) have studied the effect of knowledge management on outcomes and business process of organizations and have found that knowledge is a base for activities and decisions of companies and organizations. Further, Li and Chui (2003) studied the relationship between knowledge management process and organizational innovation and found that knowledge management process have the ability to predict organizational innovation.

The present research considered the role of marketing knowledge management on organizational performance of employees' of Iranshahr Insurance Company of Kermanshah and the results of linear regression test have indicate that there is a significant relationship ( $p < 0.01$ ) between marketing knowledge management and organizational performance of employees' of Iranshahr Insurance Company of Kermanshah. This result can have a positive effect on decision making process of practitioners and authorities of this company. Therefore, if the quality of marketing knowledge management of the company will be in a desirable level, it can be concluded that the organizational performance of employees' can as well be at a desirable level.

In addition, the results indicated that knowledge management have a significant relationship with general performance, the results also indicate that marketing knowledge management has a significant effect ( $p < 0.01$ ) on customer-related performance.

Organizational performance is under the influence of different factors that one of them is marketing knowledge management factor, which affects organizational performance extensively and for current performance management of organizations and improving it we need efficient marketing knowledge. In the current pervasive world, the effective factors on performance should be optimized

in a way. Therefore, human work force will be one of the challenges that organizations will face, because it plays one of intellectual and stimulating roles in achieving the goals.

In general, the subject of marketing knowledge management have caught the attention of researchers and studies have had interesting results relating to the effect of knowledge management on performance of organizations. Therefore, in the present research, we have also decided to study the effect of marketing knowledge management on organizational performance of Iranshahr Insurance Company of Kermanshah. Today's knowledge is considered as the fundamental basis for competition and due to its importance and sensitivity, we can say that as much as an organization is more updated regarding its marketing knowledge management it will have more useful outcomes and acceptable organizational performance. Developing marketing knowledge management of organizations will lead them to achieve a set of innovative behaviors in line with their goals (Kebede, 2010). In spite of all the above stated, we should never forget that success in the field of marketing knowledge management required continuous and everyday efforts.

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