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The objectives of the Journal of Information and Knowledge Management are:

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• to assist academicians from local and foreign universities, business and industrial sectors, government departments and academic institutions, on publishing research results and studies in the areas of information management, records and archives management, library management and knowledge management through scholarly publications.

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• Information Systems Management
• Information Systems and Technologies
• Internet Technologies
• Knowledge Management
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THE ROLE OF CUSTOMER KNOWLEDGE MANAGEMENT TOWARDS ORGANIZATIONAL PERFORMANCE

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Abstract: In this information age, Knowledge Management (KM) and Customer Knowledge Management (CKM) have become the main competitive strategies of the organization to improve the organizational performance. This paper discusses the role of Knowledge Management and Customer Knowledge Management implementation in improving organizational performance. Moreover, the paper also highlights the concept of Knowledge Management, Customer Knowledge Management and the related issues pertaining to this concept. This paper also traces the interactive processes between Knowledge, Knowledge Management practices and Customer Knowledge Management within the organization. Based on the discussion, it can be concluded that the implementation of Knowledge Management and Customer Knowledge Management in the organization can play a leading role in improving the organizational performance.
INTRODUCTION

In today’s business environment, a company needs good assets in order to become more competitive to address its participation in business. Business main objective for existence is to gain competitive advantage in the marketplace (Abdul Kadir, 2010). One of the valuable assets that reside in the organization is derived from the concept of ‘knowledge’. Businesses are flooded with the terms of knowledge workers and knowledge economy that come into play in this 21st century. Currently, knowledge has become the world most powerful asset. Therefore, it is compulsory to manage the knowledge that resides within the organizations, including the internal or external environment. Thus, knowledge has been identified as a major driver of any successful business these days.

According to Davenport and Prusak (1998), knowledge is neither data nor information. They further argued that data are facts, raw materials, not directly meaningful and may be of little use. On the other hand, information is data that can be converted into useful context and knowledge is meaningful organized information (Davenport & Prusak, 1998; Mahdi, Almsafir & Yao, 2011). Davenport and Prusak (1998) define knowledge in detail as:

“Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organizations, it often becomes embedded not only in documents or repositories but also in organizational routines, process, practices, and norms.”

From the above definition, the difference between data, information and knowledge is only on the degree of depth, where knowledge is seen as something more ‘depth’ than information. According to Faucher, Everett and Lawson (2008), this difference can be identified by knowledge hierarchy that consists of data, information knowledge and wisdom. Karadsheh, Mansour, Alhawari, Azar and El-Bathy (2009) have defined wisdom as a broaden knowledge through value and cleverness joined with more actions and activities. Anand and Singh (2011) further argued that this knowledge hierarchy attempts to capture the common essence of the definition presented in knowledge management literature.

The concept of knowledge has been introduced long time ago with the proposition made by Polanyi (1958). Polanyi has proposed that knowledge is something that has intrinsic value placed on it and is constructed into tacit and explicit (Polanyi, 1958).
The idea of tacit and explicit knowledge later has been reconfirmed by Nonaka (1991). Furthermore, Nonaka and Takeuchi (1995) have demonstrated the distinctions between tacit and explicit knowledge. They described tacit knowledge as personal feelings, intuition, body language, and physical experience. According to them, tacit knowledge that lies in the human mind is very personal and difficult to formulate, thus making it difficult to be communicated or delivered. On the other hand, explicit knowledge can be codified and transmitted in a systematic and formal representation or language (Rowley, 2002; Rollins & Halinen, 2005). They further argued that explicit knowledge consists of words or numbers stored in databases that can be shared via information technology systems.

![Organizational Knowledge Creation SECI Model](image)

Figure 2.1: The knowledge conversion processes. Source: adopted from Nonaka and Takeuchi (1995)

**THE IMPORTANCE OF KNOWLEDGE**

According to Baharom, Norizan and Mahmood (2007), knowledge is explicitly managed and manipulated as a source of competitive advantage. Thus, in the new millennium, the concern of the Government of Malaysia in developing the nation through the knowledge economy has become very apparent. Government
organizations are urged to develop a more knowledgeable organization, especially in terms of managing resources and providing services to the public (Syed Omar & Rowland, 2004).

In the official opening of a K-Economy Conference on 17 October 2000, the former Prime Minister of Malaysia, Tun Dr Mahathir bin Mohamed, emphasized that knowledge is real and the productivity growth is doubled in knowledge-rich economies (Mahathir, 2000). Therefore, it cannot be denied that the collaboration and sharing of knowledge provide clear benefits for people and improved organizational business performance. Many organizations begin to realize that keeping data and information only is not enough to maintain competitive advantage in the business world. As a result, knowledge as the organizational asset must be shared and managed by the organization in order to become competitive. In particular, it is very critical for management to better understand how to combine and deploy knowledge resources in order to improve the most critical company’s performance (Marr & Schiuma, 2001).

Academicians and practitioners have advocated knowledge as important organizations’ resources for many years (Allameh, Shahin & Tabanifar, 2012). However, knowledge is important when it is practically implemented; otherwise, it is useless if the data are not organized (Danish, Nawaz & Munir, 2012). Furthermore, it is highlighted that knowledge has become a key resource for organizations to enhance the competitive advantage, which is significance for organizational performance (Alhawari & Jarrah, 2012). However, Raja Abdullah Yaacob, Adnan and Kamaruzaman (2010) argued that although the importance of knowledge as a competitive asset was recognized, most organizations failed to address the strategies and methods to utilize the knowledge assets. This argument is supported by Boljanovic and Stankovic (2012) who asserted that if knowledge were not applied and accessible in organization, the knowledge existence within organization becomes useless.

According to Drucker (1993), we are living in a knowledge based society in which the basic economic resource is and will be knowledge. Furthermore, knowledge is critical to the long-term sustainability and success of organizations (Nonaka & Takeuchi, 1995). It was supported by Lin (2007) who argued that knowledge can be considered as core competence and performance driver of the firms. Thus, many organizations have realized that the creation, transfer and management of knowledge are critical for organization success in today’s business environment (Anantatmula, 2007). Furthermore, there has been growing recognition in the business community in viewing knowledge as critical resource.
According to Huang and Lai (2010), knowledge resources are more important than conventional ones such as land and capital. Hence, knowledge has become significant resources for the organization to innovate continuously (Andrawina, 2009) and thus, knowledge becomes a key to enhance organizational performance (Goh, 2004). Furthermore, the importance of knowledge is marked by the increase in information and knowledge. In order to effectively handle the overabundance of incoming information and outgoing knowledge, many organizations have properly strategized to manage their knowledge effectively in the process of obtaining or developing new knowledge (Kiessling, Richey, Meng, & Dabic, 2009).

**DEFINITION OF KNOWLEDGE MANAGEMENT**

According to Ma and Yu (2010), Bontis and Serenko (2009), Wu and Lin (2009), Emadzade, Mashayekhi and Abdar (2012), the past decade has seen extensive research on knowledge and knowledge management. They also said that knowledge management has gradually developed into an independent academic field and a large number of researchers have begun to examine knowledge management. In addition, knowledge management has always been taught in the fields of library and information sciences, business administration, management and information systems (Talet, 2012; Zack, Mckeen & Singh, 2009; Alavi & Leidner, 1999; Raja Abdullah Yaacob et al., 2010).

According to Talet (2012) and Nonaka (1991), the evolution of knowledge management concept and practices was established in 1991. In addition, Peter Drucker, Paul Strassman, Ikujiro Nonaka and Peter Senge were some of the management ‘gurus’ who have contributed to the evolution of knowledge management (Raja Abdullah Yaacob et al., 2010). Later, it became an emerging discipline in the end of the 1990s due to companies’ requirements to manage their knowledge resources more effectively (Akhavan & Heidari, 2008; Minna & Aino, 2005; Ma & Yu, 2010; Raja Abdullah et al., 2010).

Many authors agree that there are no unified definitions of knowledge management (Alaei, Shafaee, Ariana & Maghvan, 2012; Boljanovic & Stankovic, 2012). The term of knowledge management has been defined in different ways, with no clear consensus (Alaei, et al., 2012; Mahdi, Almsafir, & Yao, 2011; Bhatt, 2001; Moballeghi & Moghaddam, 2011), but there are two approach to define knowledge management which is from the perspective of management approach and the process approach. When the focus of knowledge management is on management approach, some researchers refer knowledge management as an integrated approach of managing knowledge for organization long term interest (Darroach & McNaughton 2002; Scarbrough, 2006) and harness technology (Velev & Zlateva, 2012). However, Davenport and Prusak (1998) argued that, knowledge management is referred to as
managing the corporation’s knowledge through a specified process for acquiring, organizing, sustaining, applying, sharing and renewing the knowledge of employees to enhance organizational performance and create value.

Based on the above discussion, we can understand that knowledge management is about how an organization manages the knowledge and how the organization develops a knowledge that can be leveraged and distributed to all aspects of the organization to achieve its vision and mission. Recently, other fields have started contributing to knowledge management research in the area of information and media, computer sciences, public health, public policy (Talet, 2012), banking (Ajlouni, 2013), insurance (Azita & Maryam, 2011; Huang & Lai, 2010), and pharmaceutical firms (Kharabsheh, Magableh & Sawandha, 2012). According to Talet (2012), Alhawari and Jarrah (2012), knowledge management helps the organization enhance business performance as well as maintain its learning capacity to remain innovative and competitive (Mau, 2005; Mahdi et al., 2011).

Based on the previous research on knowledge management in the past decade, Davenport and Prusak (1998) have stated that knowledge management has generated an important essence of knowledge in terms of both practice and theory. Davenport and Prusak (1998) also said that the field of knowledge management continues to grow and deepen in regard to both practitioners and academicians. Besides, Davenport, Jarvenpaa and Beers (1996), Drucker (1999), Claycomb, Droge and Germain (2001), Liao and Chuang (2006), Staples, Greenaway and McKeen (2001) had stated that knowledge management has been viewed as being critical for smooth and successful operation of organizations.

Parlby (1998) has demonstrated that the benefits of implementing knowledge management include: (a) minimizing potential losses on intellectual capital from employees leaving the organization; (b) improving job performance by enabling all employees to easily retrieve knowledge when required; (c) increasing employee satisfaction by obtaining knowledge from others and gaining from reward systems; (d) providing better products and services; and (e) making better decisions. In line with that, Wiig and Jooste (2003) said that knowledge management can bring important strategic consequences to organizations and improving their competitive positions by promoting firm productivity. Other scholars have asserted further benefits of knowledge management such as maximizing intellectual assets (Teece, 2003) providing better product and services, quality (Anantatmula, 2007), boosting customer loyalty (Aghaie, 2009), enhancing innovation (Alavi & Leidner, 2001; Alaei et al., 2012), improving operational effectiveness (Drucker, 1993; Islam, Mahtab & Ahmad, 2011) generating shareholder value (Bock, Zmud, Kim & Lee, 2005) augmenting financial performance (Zack et al., 2009), boosting organizational performance (Zaied, Hussein & Hassan, 2012; Roy, Chatterjee & Linnanen, 2012; Karadsheh et al., 2009; Alhawari, Mansour, Talet, Thabtah, & Alryalat, 2010; Darroch,

It was proven that, with the implementation of knowledge management, the organizations can enhance the market competitiveness, thus, improves organizational performance. Past research literature suggests that some companies have gained benefits from establishing knowledge management.

DEFINITION OF CUSTOMER KNOWLEDGE MANAGEMENT

Currently, most companies are focusing on the implementation of knowledge management. However, it is inadequate due to its application. In today’s competitive business environment, the implementation of knowledge management should be expanded to the concept of Customer Knowledge Management (CKM). While customer knowledge management is a more recent concept, it has become an important branch of knowledge management. Furthermore, many scholars argued that customer knowledge management concept is originally derived from the concept of knowledge management (Davenport et al., 2001; Rollins & Halinen, 2005; Salomann, Dous, Kolbe & Brenner, 2005; Sanayei & Sadidi, 2011; Smith & McKeen, 2005; Rowley, 2002; Bueren, Schierholz, Kolbe & Brenner, 2004; Garcia-Murillo & Annabi, 2002; Akhavan & Heidari, 2008; Liyun, Keyi, Xiaoshu & Fangfang, 2008; Kong & Cai, 2008; Lopez-Nicolas & Molina-Castillo, 2008; Bogue & Sorenson, 2009; Chen & Su, 2006; Ho, Fu, Niu & Chien, 2004; Feng & Tian, 2005; Paquette, 2006; Belkahla & Triki, 2011; Peng, Lawrence & Koo, 2009; Zanjani, Rouzbehani & Dabbagh, 2008; Nejatian, Sentosa, Piaratla & Bohari, 2011; Mukherji, 2012; Zanjani, Sakhaee & Shahbaznezhad, 2009; Allameh et al., 2012).

Two groups of scholars who significantly influence the concept of customer knowledge management have been identified and cited by most customer knowledge management studies. The first is Gibbert, Leibold and Probst (2002), who describe that customer knowledge management is 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 customer knowledge management is about gaining, sharing, and expanding the knowledge residing in customers, to both customer and corporate benefits. It can take the form of prosumerism, mutual innovation, team-based co-learning, communities of practice, and joint intellectual property (IP) management. In their paper, customer knowledge management reflects the management of
knowledge from the customer, i.e. knowledge residing in the customer, in contrast to knowledge about customers, which is the classic knowledge used in Customer Relationship Management (CRM) systems.

They added that both knowledge management and CRM focused on gaining knowledge about customers but managing customer knowledge is geared towards gaining knowledge directly from customers. Therefore, from the organization’s perspective, knowledge management encourages employees to share their knowledge with their colleagues, whereby customer knowledge management emancipates customers from passive recipients of products to become active co-creators of value.

The second is Gebert, Gelb, Kolbe and Brenner (2003) from University of St. Gallen, who develop their customer knowledge management concept through reflections on customer relationship management and the use of knowledge gathered to support business processes. Gebert et al. (2002) argue that customer knowledge management is not a separate concept but rather, the whole customer knowledge management is seen from the customer point of view. They claimed that a customer interaction lies at the centre of knowledge management concept with the combination of knowledge management and customer relationship management (CRM).

The task of customer knowledge management is to design the knowledge flow inside and between the customer relationship management processes and to allocate relevant knowledge gained from customer-related processes to others. Three main dimensions of customer knowledge are classified in their studies namely; knowledge for customers, knowledge about customers, and knowledge from customers.

Knowledge for customers comprises knowledge or information about products, markets and suppliers (Garcia-Murillo & Annabi, 2002). In other words, this knowledge is produced from organizations to customers and suppliers. For example, the organization will provide knowledge about product and knowledge about market and suppliers to customers so that the customers become aware of the current trend in the market.

Knowledge about customers refers to customer demographic data, customer history, contacts, needs, expectations and buying patterns. It can be captured through customer surveys, service management and customer complaint. Salomann et al. (2005) define this knowledge as knowledge about the customer that encompasses the customers’ present needs and requirements, future desires, connections, purchasing activity and financial capability. Knowledge about customers can be captured through customer surveys, service management and customer complaints.
It is accumulated to understand motivations and to address customers in a personalized way.

Knowledge from customers is obtained from customers through the interaction of product knowledge, suppliers and markets that is to understand what customers know (experience, their needs, feelings and the driver, emotional and relationship functions) and to maintain continuous improvement (Garcia-Murillo & Annabi, 2002). During the interaction with the customer, this knowledge can be gathered to feed continuous improvement, such as improvements or new product development. As a result, organization can develop partnerships with customers to produce innovative products and services that can improve organizational performance.

These three types of knowledge flows deliver important short and long term benefits. Knowledge that is gained from communication with customers will generally lead to improvements in overall organizations’ services and products. It also helps the organizations to better serve the needs of customers and enable them to better understand the customers' expressed needs. In addition, to be in touch with customers may help in addressing some of the customers’ concerns. However, these three flows of customer knowledge must be shared within the organizations in order to achieve organizational effectiveness.

For this paper, the term organizational performance or effectiveness was based on Venkatraman and Ramanujam’s (1986) work that refers this concept to business performance. According to the authors, the conceptualization of business performance would include emphasis on measures of operational performance, which consists of those key parameters that may lead to an improvement in financial performance. They noted that it would be logical to treat operational performance measures such as market-share, new product introduction, product quality, marketing effectiveness, manufacturing value-added, within the domain of business performance. The relationship between knowledge management, customer knowledge management and organizational performance is illustrated in the model proposed in Figure 1:
All organizations should agree that better knowledge management and customer knowledge management can bring economic benefits to a company. It should be regarded as valuable resources for them to improve organizational performance. It is profitable to know how many customers the company has, who they are, and the current and future value that their customers will bring to the organization. Managers need to be able to rely on their customer knowledge, which will in turn enable them to understand customers’ behavior and their preferences, and then use them for both operational and business planning purposes. Although the concept of customer knowledge management is relatively new in the field of knowledge management, it still continues to develop since more organizations continually embrace the idea and put it into practice. Organizations can make use of knowledge management and customer knowledge management concept over internal and external boundaries, and apply this concept towards improving organizational performance. Furthermore, it can be used to strengthen a firm’s effectiveness.

CONCLUSION

This paper discusses the concept of knowledge management and customer knowledge management that can contribute to the improvement of organizational performance. This knowledge can be used by organizations as they seek to lead the market with a well-designed products and services. Managing knowledge management and customer knowledge management can also lead to better use of resources and as a result can increase the organization profits. Nevertheless, the benefits of facilitating three knowledge flows in customer knowledge management can have a real impact on the performance of the organization. In this global economy, to remain competitive, companies have to know, coordinate and use what they know, regardless of the size of the company.

The implementation of knowledge management and customer knowledge management within an organization is not an easy task. It seems that we have to focus on managing interaction between ourselves and our customers. By actively involving customers in creating a two-way flow of knowledge, an organization can have a new source of knowledge which can improve its reputation in the business marketplace.

Finding the correct combination of knowledge management and customer knowledge management can create a manageable competitive advantage through the introduction of new products and services that can satisfy customer needs.
Furthermore, this will encourage the development of its practices beyond the organizational boundary. Thus, it will contribute to improved abilities to identify, select, organize, disseminate, and use knowledge that an organization requires to be successful. It is strongly believed that the future development of knowledge management and customer knowledge management are positive and promising. To achieve the vision 2020, the organization should further increase its performance. To do this, it needs to practice the knowledge management and customer knowledge management more effectively.

This conceptual study shows the possibilities and the potential of knowledge management and customer knowledge management in enhancing organizational performance. In addition, the literature study confirmed that knowledge management and customer knowledge management are despite some similarities, in many ways different from its application. This is because knowledge management concerned about managing knowledge within organizations and customer knowledge management is concerned about managing knowledge from customer perspective. The study also proposes a framework to link between knowledge management, customer knowledge management and organizational performance. Thus, future empirical research needs to test the proposed model and explore the research issued addressed in the context of service organizations in order to further understand the relationship between knowledge management, customer knowledge management and organizational performance. Furthermore, there is a need to conduct cross sectional research study on the research to determine the effects of knowledge management, customer knowledge management and organizational performance in a broader scope that can add valuable contribution to the study.

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