



# Influence of the orientation of organizational learning on the management of customer relationship and the function of tile and ceramics companies in Yazd Province

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## ABSTRACT

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The key purpose of this essay is to investigate and scrutinize the relationship between influence of orientation of organizational learning on customer relationship management and scrutinization of the function and the possible relations between these three factors among the tile and ceramics companies in Yazd province. In order to measure the various aspects of these factors a 27-item questionnaire based on the likert5-point scale is being used. In the time of research the statistical universe of the research consists of forty (40) companies. In order to determine the sample volume Morgan table was used. Based on this table the sample volume which was under study was determined as forty (40) companies. The research questionnaires were being responded by the high-ranked managers of each company. To scrutinize the pivotal indices and the scatteredness of the research variables and in order to analyze the research data and hypotheses the structural equations modeling based on PLS method (partial least square method) has been used. After scrutinization and analysis of the research hypotheses the existence of a meaningful and positive relationship among them all in all was approved; that is the influence of the orientation of organizational learning on customer relationship management is positive and meaningful.

## 1. Introduction

Learning is a strategic tool for permanence, effectiveness. Nowadays the organizational learning has received specific attention in an ever-increasing manner among the organizations that are interested in the augmentation of the competitive privilege, innovation, and the effectivity. A great deal of scientists define organizational learning as a key source of a superior function. (Goch, Elliott and Quon, 2012; Sinkula and Noordewier, 1997 and Slater and Narver, 1995) Learning throughout presenting new products and methods of doing business concentrates on the perception and the effectual satisfactoriness of manifest and hidden requirements of customers. Thus, learning should lead to superior results such as exceeding success of the new product, keeping the dominant customer and superior profitability. (Slater and Narver, 1995) The orientation of learning refers to the vast activity of an organization from establishment and making use of the knowledge required by customer, market changes and the deeds of the rival in order to augment the competitive privilege. (Kalanton et al., 2002) The recent researches indicate that the orientation of learning has a key role in augmenting the customer relationships. (Boulding et al., 2005; Chang and Ku, 2009; Jayachandran et al., 2005) The scientists argue that at first attaching more significance to identifying the pivotal capabilities of a company is necessary than the development and keeping the relationships with a decent customer. Also,

they consider the importance of the orientation of learning as a key factor in the management of dominant customer relationship since the organizational learning is able to provide the capabilities and processing the decent data to know about the needs and requirements of customers within a company. Thus, building a more efficient and effectual company is contingent upon the management of customer relationships. The behavior and taste of the customer are totally dynamic and is ever-changing parallel to the recommendations of suppliers. (Dickson, 1996) If companies consider failure as the dynamic part and parcel of customer relationships then they will not miss a key opportunity to hold an effective relationships management (Lemon, White and Winer, 2002). Thus, companies which have the perception for learning are highly likely to be more successful than other companies in establishing relationships with their customers attending to the point that organizational learning can have a key role in performing the necessary changes for the better management of relations (Jayachandran et al., 2005). It is worth mentioning that in the previous studies little significance was attached to the potential intermediate role of the management of customer relationships. The present research goes to scrutinize the simultaneous effect of the orientation of learning and the management of customer relations on the competitive function of a company and also the potential intermediate role of the management of the customer relationships in the area of the relationship between the

orientation of learning and function and for this purpose this research presents a concept model containing the relationship between orientation of learning, management of customer relationship, and function and considering this issue that in the recent competitive world the companies which are in the universe of the intended research have comprehended the significance of the role of orientation of learning and the customer relationship management and feel no choice but leading toward this enterprise. To test the presented model empirically this research will make use of the deeds being done towards realizing the orientation of learning, customer relationship management, and the function of tile and ceramics companies in Yazd until it can answer the following questions after scrutiny:

1-What is the influence of the orientation of learning on the management of customers relationships of the company?

2-What is the influence of customers' relationships on the function of the company?

3-What is the simultaneous effect of the orientation of learning and the management of customers' relationships on the function of the company?

### **Theoretical foundations and formulate the hypotheses**

#### **Organizational learning**

Kert and March invented the phrase of organizational learning for the first time in the year 1963. They believed that the attempts of organizations in response to the extra-organizational changes to match the purposes of the organization with the new conditions leads to delving into find some procedures that contributes the company to achieve further effectivity. All individuals are able to learn and throughout learning can match themselves with the environmental changes. Organizational learning familiarizes humans with new insights and concepts. Organizational learning takes place when the members of the company make use of learning to solve the problems of company. Each company has some methods for learning based on its characteristics and staff (Phang et al., 2008).

#### **Orientation of learning**

In the domain of studies on organizational learning the orientation of learning is a process throughout which organizations learn to interact with their internal and external environment. This concept or reading of organizational learning has become manifest in various scientific discussions. Based on researches in a learning organization it is believed that systems can design mechanisms and processes until they can improve the personal and corporate capabilities of their staff (Skyrme, 1996). The researches indicate that the orientation of learning is made up of various elements such as: management commitment, system outlook, openness and test, knowledge transfer and consolidation (Akgun et al., 2007), commitment to learning from a shared outlook, open thinking, and sharing the organizational knowledge (Kalanton et al., 2002). Creative thinking, improving group creativity (Lee and Tsai, 2005), testing, risk-taking ability, interaction with external environment, dialogue, and group decision-making (Alegra and Chiva, 2008). In the present research commitment to learning, shared outlook, and the open thinking are being taken into consideration as the building blocks of the orientation of learning.

#### **Commitment to learning**

Commitment to learning equals the readiness of an organization to change the procedure of doing things by means of an amalgam of the existing knowledge and the new knowledge and involves acquisition, communications, adoption and absorption of knowledge in a company (Jolly and Therin, 2007). The committed companies take learning as a key factor for the survival of the company. The staff has the sufficient motivation to pursue the learning activities as well. (Kalanton, 2002). Besides, when the absorption of knowledge decrease against the transfer of knowledge within the company some companies with the capabilities of learning and the worthiest competitive experiences remain (Szulanski, 1996).

#### **Shared outlook**

Shared outlook provides concentration and energy for learning and leads the individuals to act. The common outlook creates the final goal, encourages the risk taking ability and plays an important role in determining the kind of knowledge which the organization saves and transfers. (Marquardt, 2002) The shared outlook is a bright path towards learning which most probably augments the power of organization and also enhances the quality of learning (Kalanton, 2002).

#### **Open thinking**

Open thinking is the traditional method of asking question, observation of market data, and searching for new ways to observe the phenomenon of market (Troyet et al., 2001). The culture of open thinking also increases the worthy operation with new methods of business processes and yields the organizational competition, function, success, maintenance, growth, and resistance. In addition to these things openthinking persuades companies to achieve the competitive privilege and high performance (Usahavanitçakit, 2011).

#### **Customer relationship management (CRM)**

Kodwel in the year 1998 defined CRM as the mixture of occupational processes and technologies concerning the customer. Kala kuta and Robinson in the year 2000 introduced CRM as the integrity of sales strategy, marketing, and services and considered it as a factor in preventing the creation of a one-sided view about customers and refers to the integral role of various processes and departments in performing CRM with an aim of increasing the customer services. (Ngai, 2005) In the present research the communicative orientation and the information concerning the customer is being taken into consideration as an element of the management of customers' relationship.

#### **Communicative orientation**

Communicative orientation is a multi-dimensional concept which its various aspects has been conceptualized by several authors. Considering the Panayides model, the communicative orientation is made up of five elements as follows which consist of: trust, frontiers, communications, common values and unanimity. For instance, common values directly influence the organizational climate throughout the staff behavior. The other factor, including unanimity, the capacity to accredit and to some extent common feelings (such as sorrow or happiness) which have been experienced by another member of this organization.

### **Customer-related data**

Nowadays companies should be able to get proper and correct information about their customers until they can achieve success in the competitive market and profitability and throughout analysis of this data try to win the favor of their customers. Based on this, lots of companies use the comprehensive data bank for customers.

### **Function**

Function is a story which is being scrutinized continuously in the multiple branches of management including the strategic management by academic scientists and the experienced managers. Although there are some prescriptions exist for the improvement and managing the organizational function in a widespread manner it is the academic society that is involved in assessing the function throughout discussing and talking about the issues concerning the expressions, levels of analysis and the conceptual bases (Venkatramanand and Ramanujam, 1986). In the present study the financial function and the market function are being used as the elements of business performance.

### **Review of literature**

Results of a research by B.Yang et al.(2004) indicated that the organizational learning sustains the performance of groups and individuals and the knowledge transfer into the system causes the sustaining of organizational performance. The research by Nordtvedt(2005) indicates that organizational learning and the effective training in organizations increases the sales revenue, market share, profitability, and the performance of the company. MehtapOzsahinet et al.(2011) carried out a study to scrutinize the mediatory influence of the orientation of learning in the influence of directing style on the performance of a company. The results of their research indicated that the aspects of the orientation of learning (commitment to learning, shared outlook, and open thinking) have a mediatory influence on the effectuality of the directing styles of duty-oriented and relation-oriented. U.Zeynep Ata et al.(2012) in their study scrutinized the effects of management methods for the customer relationships on the customer satisfaction and function in the business markets. The results indicate that there is a positive and meaningful relationship between customer relationship management and customer satisfaction and the function.

Management Department Rahab (2013) in the customer relationship management on the function of one hundred and eighty companies in England. The results of their research indicated that there is appositve and meaningful relationship between organizational learning and the customer relationship management and also the results indicated that organizational learning has an outstanding indirect influence throughout management of customer relationships on the function. FethiCalisiret et al.(2013) in their study scrutinized the innovation model in the small-sized and moderate-sized companies based on the orientation of market and learning. The purpose of this study is to analyze the interrelations of market orientation, learning orientation, and innovation and the results indicated that the innovation of the company has a positive influence on the function of it. Orientation of market and company has a positive influence on the orientation of learning. Orientation of learning for the intermediate company is the

relationship between market orientation and the innovation of the company. FaridM.Qawasmeh et al.(2013) in their study scrutinized the aspects of organizational learning and their influence on the organizational function in the telecommunications company of Jordan. They realized that there is a positive and meaningful relationship between aspects of organizational learning and the organizational function.

### **Research Method**

This research in terms of research strategy is an applied research and in terms of purpose is a descriptive one and in terms of approach is a comparative research. Also, this research in terms of kind of consideration is a correlational research and in terms of unit of analysis of research is individual and in terms of research timeline is a cross-sectional research. The research data is of interval type and the answers to the 5-pointlikert scale in the research questionnaire is being used.

### **Statistical universe and sample**

The statistical universe of the present research includes all the tile and ceramics companies in Yazd province. In the time of the research this universe consists of forty five companies. To determine the sample size the Morgan table for sample size was used and based on this table the size of the sample under study for forty companies was evaluated and the top managers of each company were determined as respondents to the questions. The span of the present research is the year 2012.

### **Data collection**

The data of this research is being provided in a field manner. Tools to collect data is also questionnaire. Questionnaire of the present research includes three parts.The first part is appropriated for operationalizing the variable of orientation of organizational learning and has three main aspects and eleven questions. The second part of questionnaire scrutinizes the variable of customer relationship management and has two main aspect and ten questions. The third part of questionnaire is appropriated to measuring the variable of organizational function and has two main parts and six questions. To measure each of the constructs of the research model a number of questions is made and has been changed into a research questionnaire. The attempt is devoted that questions specific to each construct can measure all the aspects and components of the relevant construct which this enterprise will be done throughout scrutinizing the reliability of the content of questionnaire. Questions of the questionnaire will be designed in the form of a pack and a 5-point likert scale.

### **Data analysis**

After collecting the research data an amalgam of descriptive and inferential statistics will be used for data analysis. Descriptive data will be used for scrutinizing the central indices and dispersion of the research variables in the form of table and diagram. Also, the inferential statistics will be used for analyzing the research hypotheses and considering the research model. Considering the research model which is structural equations modeling the confirmatory factor analysis will be used with an aid of pls software to scrutinize the validity of the research constructs. Thus, in the present research spss and pls soft wares will be used.

### **Customer relations and function management**

Companies bearing the capability of the higher management of customer relationships are mostly probable to be able to

realize the value of the customer for the company. They identify the profit out of each customer and distinguish the more lucrative customers from less lucrative ones. Following this the company will be better able to manage the customer relationships and determine the share of company out of these relationships in terms of profitability in a more effectual manner (Rinartez et al., 2004). Considering what was said before, the first hypothesis of the research will be stated as follows:

**H1: Customer relations management of a company has a positive and meaningful influence on its function.**

**Validity and reliability of the measurement tool**

Since the present research tool has not been translated, so it is necessary to scrutinize the content validity and face validity of it once again. This job has been done throughout scrutinization by experts and the supervising professor. The validity of the variables of the orientation of organizational learning, customer relationships management, and function is being calculated by means of Cronbach’s alpha coefficient and the composite reliability index. This quantity for dependability should be about %65 to %70. Considering the table and the obtained coefficients it can be claimed that all the analyzed factors in the questionnaire which is used in the present research have proper and logical reliability.

variable	number of questions	Cronbach’s alpha coefficient
Orientation of organizational learning	11	%69.8
Customer relationships management	10	%86.7
Function	6	%84.9
Reliability of total questionnaire	27	%90

**Research findings**

In this research the structural equations modeling by means of partial least squares method (PLS method) and the smart pls software have been used to test the hypotheses and accuracy of the model. This method is also used in cases which sample volume is small and/or the distribution of variables is not normal.

**Factor loading of indices or questions of the questionnaire**

In the present research model as it is evident from table No.2, all the coefficients of the factor loading of questions

are above 0.4 which indicates that this criterion is proper and none of the questions will be omitted.

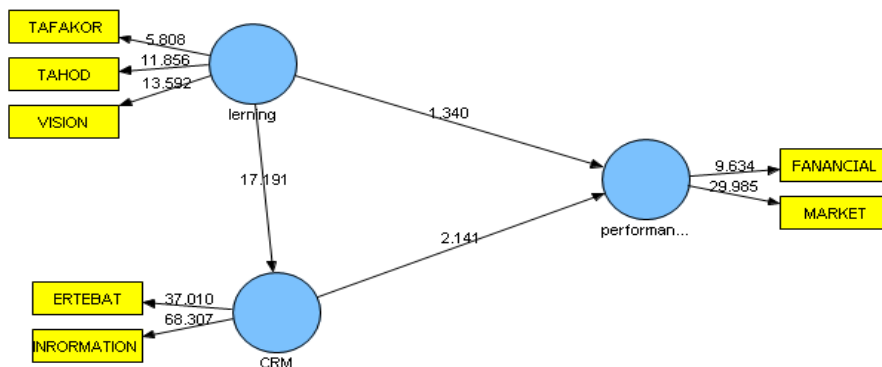
**Table No.2-factor loading of questions(indices)**

Construct	Number of question In the questionnaire	Factor loading	Construct	Number of question In the questionnaire	Factor loading
OLO1	1	0.442	CRM4	15	0.424
OLO2	2	0.573	CRM5	16	0.699
OLO3	3	0.615	CRM6	17	0.695
OLO4	4	0.478	CRM7	18	0.847
OLO5	5	0.416	CRM8	19	0.784
OLO6	6	0.593	CRM9	20	0.854
OLO7	7	0.783	CRM10	21	0.704
OLO8	8	0.528	Per1	22	0.817
OLO9	9	0.444	Per2	23	0.803
OLO10	10	0.595	Per3	24	0.709
OLO11	11	0.401	Per4	25	0.528
CRM1	12	0.748	Per5	26	0.802
CRM2	13	0.439	Per6	27	0.795
CRM3	14	0.649	-	-	-

**Z-score significance level (t-value amounts)**

To scrutinize the fit structural equations model of the research several factors are being used which the first and the most pivotal factor is the z-score significance level. Fit of structural equation model by means of coefficients of (t) is in this manner that these coefficients should be more than 1.96 until their significance level can be approvable in the significance level of %95. Of course it should be noted that t scores just show the accuracy of relations and it is impossible to measure the intensity of relationships among these constructs. If the amount of t-value gets more than 2.58 the path coefficient with a significance level of %99 is meaningful. Path coefficient was scrutinized under the framework of internal model of hypotheses and the path of structural model was assessed.

Each path is equivalent to one of the hypotheses of the model. Testing each hypothesis is through scrutinizing the sign, size, and the significance level of path coefficient (β) between each variable with dependent variable. The higher the amount of path coefficient, the more the influence of latent variable will be in comparison with the dependent variable.

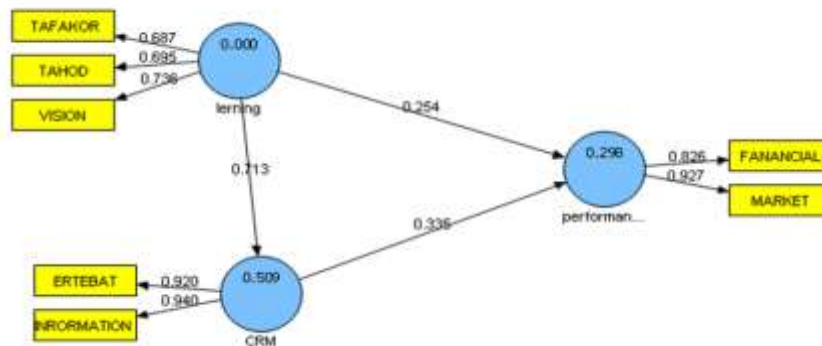


**Diagram2.Model in the significance manner of numbers (t-value)**

The numbers which exist on the pathes indicate the amount of t-value for each path. To scrutinize the significance level of path coefficients it is necessary that the amount of each pat(t) be more than 1.96.

**Table 3-Z-score significance coefficients(amount of t-value)**

Path	T
Customer relationshipmanagement→function	2.141
Orientation of learning→customer relationship Management	17.191
Orientation of learning→function	1.340



**Diagram3.Path coefficients case of model**

Considering table No.4, in this analysis the statistical t-value for all the paths except for the path for the learning orientation over function was more than 1.96 and as a result it is meaningful in %95 level of significance.

**Table4-Results of scrutinizing the fit of structural equation model of the research with bootstrapping method**

Path	Beta	Average	Standard Error	Resampling t-value		
				200	400	800
Customer relationship management>function	0.335	0.340886	0.152491	2.388	2.124	2.542
Learning orientation> Customer relationship management	0.713	0.719533	0.042862	19.233	19.315	19.257
Learning orientation>performance	0.254	0.491346	0.100564	1.44	1.249	1.213

**Testing the research hypotheses**  
**Scrutinization of the level of significance of Z for each hypothesis**  
 Based on the table and the brief results out of testing the hypotheses by considering the significance coefficients of

**Table 5-Results of hypotheses testing**

Results of research hypotheses based on partial least square method(pls)					
Research hypotheses	Path Coefficients	t-value	Coefficient Of determination	Level of Significance	Hypothesis Testing result
Learning orientation→function	0.254	1.144	0.000	0.05>	Rejection Of hypothesis

**Scrutinization of standardized coefficients of the hypotheses paths**

After scrutinizing the positive and meaningful influence of the hypotheses now it comes to scrutinize the intensity of these influences.

**Discussion and Results**

In the first hypothesis the results indicated that the orientation of learning has appositve and meaningful influence on the customer relationship management. Thus, while approving this hypothesis in the present empirical research it can be declared that in today’s market the requirements of customers are often going to change in a

fast and unpredictable manner and the purpose of CRM is an immediate reaction to these requirements. Learning-oriented organizations have the capabilities to process the superior data which enables them to learn about the priorities of the customer and accommodating their strategies in a real time. By means of exact and up-to-date data from customer the company can recognize the revolving preferences and requirements of its customers and after that these preferences and requirements will receive proper responds and can better change their programs into a custom built manner. The results of this research is compatible with the research by MostafaButoor(2013) on

the positive and meaningful influence of learning orientation on customers relationships.

#### Applicable and directorial recommendations

As the results of the research indicated it became evident that the orientation of learning parallel to the path coefficient (0.713) and the t-value(17.191) influences the customer relationship management. Thus, considering the highness of the coefficient and the mentioned value and approval of the intended hypothesis for the managers of the tile and ceramics companies to sustain the aspects of organizational learning and providing the necessary facilities, sharing the knowledge between staff and the organizational units and at the same time establishing a fertile field for exploiting the knowledge it is recommended that it would be possible to increase the share of establishing and developing the relationship management to an ultimate level. Having enough information concerning resources, customers, and the business contributes the companies in establishing a successful customer relationship management. Establishment of processes to enhance the knowledge of the staff about customers by considering the requirements and needs of them in all the sections of the company is recommended until the level of knowledge and its application in the company increases. Also, by considering that in this research from a common perspective commitment to learning and open thinking have been mentioned as aspects of the orientation of learning, thus we recommend the managers of tile and ceramics companies to design the prospect of the company in a way that it can be tangible and understandable for the staff until they can easily match themselves with it.

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