Knowledge Management: A Study Among Housing Finance Providers In Kerala

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ABSTRACT: *Customer information is an organisational asset that should be managed properly. It is a critical factor required for building customer loyalty. The reason is that it is not possible to build strong relationships without knowing the needs and expectations of customers. Information should be valued the same way as that of raw materials that go into making products. This paper is based on a study conducted about knowledge management practices among Commercial Banks and Housing Finance Companies, providing Housing Finance in Kerala. Data were collected from employees of select Commercial Banks and Housing Finance Companies in Kerala. The Knowledge management practices of these Housing Finance Institutions were studied by considering factors like Customer preferences, expectations, Customer information management and Dissemination of Customer information. A structured questionnaire was administered among 180 employees of the selected Commercial Banks and Housing Finance Institutions from six districts of Kerala state. A five point scale was used in the questionnaire. The findings of the study revealed that Customer preferences & expectations, Customer information management are relatively better in the case of Housing Finance Companies and Dissemination of Customer information is better in the case of Commercial Banks.*
KEY WORDS: *Knowledge Management, Housing Finance Companies, Commercial Banks*

I.   INTRODUCTION

Knowledge management in an organisation means managing knowledge about the customers of the organisation. The creation, transfer and application of knowledge about customers will give every organization, an edge over its competitors. The key aspect of knowledge management includes knowledge gathering, knowledge handling, knowledge dissemination and sharing. The collection and storage of customer information will help to identify the most valuable customers. Customer information becomes significant from the view point of the organisation as these are obtained through various touch points and can be used effectively to understand its customers better. It also helps the organisation in fine tuning its strategies by designing its products, promotions, and offers based on the specific needs of the customers. Hence availability of updated customer knowledge is a pre-requisite for a successful system of customer relationship management (Garrido, 2011)[1].

Knowledge management can be defined as the ability of creation, demonstration, distribution, dissemination and retention of knowledge in an organization (Decastro, 2009)[2].

CRM is management of knowledge of customers for a better understanding of them and meeting the needs of the customers. Customer profiling gives an insight of the customers and helps in fine tuning decisions for product and service marketing initiatives. Customer feedback is an important way to gather information about customers.

This paper is based on a study conducted about knowledge management practices among select Commercial Banks and Housing Finance Companies, providing Housing Finance in Kerala.

II.   REVIEW OF LITERATURE

Knowledge management is the management of knowledge pertaining to customers. The knowledge received from customers includes customers knowledge of products, suppliers and markets; their ideas and recommendations concerning the improvement of the product, ideas, thoughts and information regarding the preferences, experience with products, services, processes or expectations. Knowledge from customers leads to measures which improve the quality of products and services (Palonka, J., Porębska-Miąc, T, 2012)[3]. According to Rollins, M., Halinen, A. (2005)[4] development of an organization is determined by effective utilization of customer knowledge and hence managing customer knowledge is important in determining organizational effectiveness. Customer knowledge management is an ongoing process of generating, disseminating and using

customer knowledge within an organization, and between an organization and its customers. Aurora Garrido Moreno, Nigel Lodcett, Victor Garcia Morales (2014)[5] in their study found out that organizational commitment and knowledge management fully contribute to the success of CRM in an organisation. Heygate, R. (1999)[6] emphasized the importance of collecting customer feedback and using it for the success of the organisation. CRM success mainly depends on understanding the needs and desires of the customers. This can be accomplished by giving priority to their needs and integrating the same with the people, process, technology and strategy of the business organisations. Leo Y, M, Sin., Alan C, B, Tse. and Frederick, H, K, Yim. (2005)[7] in their study "CRM Conceptualization and scale development" stated that from the knowledge based perspective, the primary rational for a firm's existence is the creation, transfer and application of knowledge. Learning and generation of knowledge dissemination and sharing and knowledge responsiveness are the components of knowledge management. To have a 360^0 customer view is the major objective of knowledge generation. Schulz, M. (2001)[8] stated that knowledge is of not very relevant unless it is shared throughout the organisation. Hence a proper mechanism should be developed for sharing customer knowledge to facilitate concerted action by different departments. Knowledge dissemination helps an organization for building better customer relationship. Mark Lavender (2004)[9] in his paper titled 'Maximising customer relationship and minimizing business risk', suggested that the key factors to increase sales and to establish profitable relationships are business information and customer information. The customer data of financial institutions should be organized in such a way that, they can easily identify their key customers and prospects, to grow relationships by offering relevant services and proactively developing relationships. Organisations can improve CRM by adapting customer centric processes.

III. OBJECTIVES OF THE STUDY

From the literature review it was found that knowledge management involves the generation and sharing of knowledge about the customers of an organisation. This study concentrates on the Knowledge management practices of the Housing Finance providers in the Kerala state especially the Commercial Banks and Housing Finance Companies. The purpose of this study is to understand the employee perception about the knowledge management practices followed in select Commercial Banks and Housing Finance Companies which provide Housing Finance in Kerala.

IV. VARIABLES IDENTIFIED FOR THE STUDY

Following are the elements of knowledge management identified for the study.

4.1. *Customer preferences and expectations*

The success of an enterprise is determined by its ability to enhance relationships with its customers, by fulfilling their present needs and anticipating their prospective needs and expectations (Chiu and Lin 2004)[10]. Appropriate resources, efficient technology systems and effective knowledge management will enhance the ability of a firm to understand customers.

4.2. *Customer information management*

Knowledge management is an important influential factor in CRM. Jayachandran, Hewett, and Kaufman (2004)[11] observed that customer information management processes enhance the speed and effectiveness of a firm's customer response. A good knowledge of customer behavior enables firms to manage and target customers on the basis of evolving service experiences. This will increase the perceived value of the firm's offering and decrease the chance of customers switching to competitors.

4.3. *Dissemination of customer information*

Dissemination of customer information is required to enhance the level of customer satisfaction. According to Bharadwaj (2000)[12] gathering customer knowledge from customer encounters and disseminating this knowledge to employees will be useful for cross selling and forecasting product demand. Also gains in customer knowledge are indications of gains in customer satisfaction.

V. RESEARCH METHODOLOGY

The population of this study includes employees of State Bank of Travancore, Union Bank, Kerala Gramin Bank, Federal Bank, HDFC Ltd and LIC HFL. Both Primary and Secondary data were used for the study. Stratified random sampling method was used for data collection. The state of Kerala was divided in to three regions - North, Central and South. From each of these regions, two districts were selected randomly. From the northern region, Kozhikode and Kannur were selected. Similarly, Ernakulam and Thrissur from Central region and Thiruvananthapuram and Kottayam from southern region were selected for the study. Commercial Banks and Housing Finance Companies were considered for the study. The sub-categories considered under commercial Banks were (i) SBI and Associate Banks, (ii) Scheduled Banks (iii) Regional

Rural Banks and Private Banks. From each sub category, Banks which have disbursed highest number of Housing loan were selected. Accordingly State Bank of Travancore, Union Bank, Federal Bank and North Malabar Gramin Bank were selected. Among the Housing Finance Companies, one Company each from Public and Private Housing Finance Company were selected. Accordingly LIC HFL and HDFC Ltd. were selected from among the Housing Finance Companies. Data were collected from employees of main branch of the above mentioned Commercial Banks and Housing Finance Companies. Simple Random sampling method was used for selecting employee respondents.

For the purpose of the study, 180 employees were selected as respondents. 5 employees each from the main branch in respective districts of selected Commercial Banks and Housing Finance Companies were identified. 30 employees from each district and a total of 180 employees from the entire state were selected for the study. Data were collected from these respondents, by administering structured questionnaires. Data collected were analysed using statistical tools with the help of SPSS software.

Before finalising the questionnaire, it was tested by collecting data from 56 employees of the above mentioned Commercial Banks and Housing Finance Companies. The reliability of the questionnaire was checked using Cronbach's coefficient of alpha. The alpha values were above 0.72, which proved the reliability of the questionnaire.

VI. ANALYSIS AND RESULTS

6.1. 't' test -Knowledge Management

A comparison of mean score of employee perception about knowledge management activities of Commercial Banks and Housing Finance Companies were done with the help of Independent Samples 't'-test. Variables considered include Customer preferences and expectations, Customer information management and Dissemination of customer information.

6.1.1. Customer preferences and expectations

Commercial Banks and Housing Finance Companies were compared on the basis of mean score of employee perception regarding collecting customer feedback, means of collecting customer feedback, knowledge learning, treatment of customer communications, understanding changes in customer preferences/trends/ expectations, conducting customer service audits and customer surveys, and analyzing past interactions with customers to understand their characteristics and behaviours. The following table gives the mean scores of customer responses of selected Commercial Banks and Housing Finance Companies about identifying customer preferences and expectations. Independent Samples 't'- test was conducted to identify whether any significant difference exists between the mean scores of CBs and HFCs.

TABLE 1:Group Statistics - Customer preferences and expectations

Group Statistics					
	HFI	N	Mean	Std. Deviation	Std. Error Mean
Identifying customer trends and expectations	CB*	120	44.3500	7.56112	.69023
	HFC**	60	48.7833	3.59421	.46401

Source: Survey data
*Commercial Banks, **Housing Finance Companies

Table shows the response of selected employees of Commercial Banks and Housing Finance Companies with respect to Customer preferences and expectations. The table shows that the mean score for Customer preferences and expectations is higher (48.7833) for Housing Finance Companies. To understand the significance of variation in mean scores, Independent Samples 't'-test was conducted.

TABLE 2:'t'- test - Customer preferences and expectations

Independent Samples Test			
	t-test for Equality of Means		
	t	Df	Sig. (2-tailed)
Customer preferences and expectations	-4.301	178	.000

Source: Survey data

The 't' value is significant at 5 per cent level of significance (value of t is -4.301 with p = .000 < .05). Since 'p' value is less than 0.05, null hypothesis cannot be accepted. Hence there is significant difference between the employees of CBs and HFCs regarding their opinion about Customer preferences and expectations.

6.1.2. Customer information management

Proper management of information regarding customers is an important aspect in Customer relationship management. Here the mean score of employee responses towards the Customer information management activities of CBs/HFCs were analysed using Independent Samples 't'-test. The factors considered were availability of customer information at every point of contact, organisations mechanism to encode new

knowledge about customers and sharing it among the departments/branches, consistency of monitoring customer information, process existing to trace status of relationship with customers, using customer information to design or improve products/services, using knowledge to provide better offerings to customers.

TABLE 3:Group Statistics - Customer information management

Group Statistics					
	HFI	N	Mean	Std. Deviation	Std. Error Mean
Customer information management	CB*	120	32.0252	3.41597	.31314
	HFC**	60	33.6000	3.06539	.39574

Source: Survey data
*Commercial Banks, **Housing Finance Companies

It is understood from the table that, the mean score of responses of selected employees towards Customer information management is higher for Housing Finance Companies (33.6000) when compared to that of Commercial Banks. The mean score variation is tested with Independent Samples 't'-test.

H_0: *There is no significant difference between the employees of CBs and HFCs regarding their opinion about Customer information management.*

H_1: *There is significant difference between the employees of CBs and HFCs regarding their opinion about Customer information management.*

TABLE 4:'t'- test - Customer information management

Independent Samples Test			
	t-test for Equality of Means		
	T	Df	Sig. (2-tailed)
Customer information management	-3.011	177	.003

Source: Survey data

The 't' value is found to be statistically significant at 5 per cent level of significance (value of t -3.011 with p = .003 < .05). Since 'p' value is less than 0.05, null hypothesis cannot be accepted. Hence there is significant difference between the employees of CBs and HFCs regarding their opinion about Customer information management.

6.1.3.   Dissemination of customer information

Dissemination of customer information includes broadcasting to employees the feedback received from customers, sharing customer information across all points of contact, dissemination of knowledge acquired amongst all staff, mechanism for knowledge dissemination, frequency of exchanging customer information and updating of customer related knowledge. Mean score of the said factors of Commercial Banks and Housing Finance Companies were compared. The Independent Sample 't'- test was used to identify, there is any significant difference exists between the mean scores.

TABLE 5: Group Statistics - Dissemination of customer information

Group Statistics					
	HFI	N	Mean	Std. Deviation	Std. Error Mean
Dissemination of customer information	CB*	120	28.9833	3.49546	.31909
	HFC**	60	28.1000	4.42910	.57179

Source: Survey data
*Commercial Banks, **Housing Finance Companies

From the table, it is observed that the mean score of responses of selected employees of Commercial Banks towards Dissemination of customer information is higher (28.9833) when compared to the mean score value of Housing Finance Companies. The significance of variation in mean scores were tested with Independent Samples 't'-test and the result is given in the following table.

H_0: *There is no significant difference between the employees of CBs and HFCs regarding their opinion about Dissemination of customer information.*

H_1: *There is significant difference between the employees of CBs and HFCs regarding their opinion about Dissemination of customer information.*

TABLE 6:'t'- test - Dissemination of customer information

Independent Samples Test			
	t-test for Equality of Means		
	T	Df	Sig. (2-tailed)
Dissemination of customer information	1.459	178	.146

Source: Survey data

The t value is found to be statistically insignificant (value of t 1.459 with p = .146 > .05). Since 'p' value is greater than 0.05, null hypothesis is accepted. Hence there is no significant difference between the employees of CBs and HFCs regarding their opinion about Dissemination of customer information.

6.2. MANOVA - Knowledge management

Customer preferences and expectations, Customer information management, Dissemination of customer information were the variables considered under Knowledge Management of Commercial Banks and Housing Finance Companies. These variables are closely interrelated. The variation of their mean score was tested by MANOVA model. The results are shown in the following tables.

H_0: *There is no significant difference in the mean values of set of variables describing Knowledge management of employees of HFIs.*

H_1: *There is significant difference in the mean values of set of variables describing Knowledge management of employees of HFIs.*

TABLE 7: Estimated Marginal Means - Knowledge management

The name of the CB/HFC in which the person is working					
Dependent Variable	*The name of the CB/HFC in which the person is working*	*Mean*	*Std. Error*	*95% Confidence Interval*	
				Lower Bound	*Upper Bound*
Customer preferences and expectations	SBT	37.714	.971	35.798	39.630
	Union Bank	41.903	.923	40.082	43.724
	Federal Bank	50.931	.954	49.048	52.814
	NMGB	46.645	.923	44.824	48.466
	HDFC HFL	50.433	.938	48.582	52.284
	LIC HFL	47.133	.938	45.282	48.984
Customer information management	SBT	30.536	.474	29.601	31.471
	Union Bank	32.000	.450	31.112	32.888
	Federal Bank	36.000	.465	35.081	36.919
	NMGB	29.677	.450	28.789	30.566
	HDFC HFL	35.200	.458	34.297	36.103
	LIC HFL	32.000	.458	31.097	32.903
Dissemination of customer information	SBT	30.143	.525	29.107	31.179
	Union Bank	28.000	.499	27.016	28.984
	Federal Bank	32.517	.516	31.499	33.535
	NMGB	25.677	.499	24.693	26.662
	HDFC HFL	31.000	.507	29.999	32.001
	LIC HFL	25.200	.507	24.199	26.201

Source: Survey data

TABLE 8:MANOVA - Knowledge management

Multivariate Tests[a]						
Effect		*Value*	*F*	*Hypothesis df*	*Error df*	*Sig.*
Intercept	Pillai's Trace	.995	10662.875[b]	3.000	171.000	.000
	Wilks' Lambda	.005	10662.875[b]	3.000	171.000	.000
	Hotelling's Trace	187.068	10662.875[b]	3.000	171.000	.000
	Roy's Largest Root	187.068	10662.875[b]	3.000	171.000	.000
Organisation	Pillai's Trace	1.020	17.818	15.000	519.000	.000
	Wilks' Lambda	.249	20.588	15.000	472.457	.000
	Hotelling's Trace	1.969	22.275	15.000	509.000	.000
	Roy's Largest Root	1.065	36.856[c]	5.000	173.000	.000
a.	Design: Intercept + Organisation					
b.	Exact statistic					
c.	The statistic is an upper bound on F that yields a lower bound on the significance level.					

Source: Survey data

TABLE 9: Tests of Between Subject Effects - Knowledge management

Tests of Between-Subjects Effects						
Source	Dependent Variable	Type I Sum of Squares	df	Mean Square	F	Sig.
Organisation	Customer preferences and expectations	3784.086	5	756.817	28.686	.000
	Customer information management	943.707	5	188.741	30.052	.000
	Dissemination of customer information	1305.465	5	261.093	33.854	.000
Error	Customer preferences and expectations	4564.216	173	26.383		
	Customer information management	1086.538	173	6.281		
	Dissemination of customer information	1334.244	173	7.712		
Total	Customer preferences and expectations	8348.302	178			
	Customer information management	2030.246	178			
	Dissemination of customer information	2639.709	178			
a. R Squared = .453 (Adjusted R Squared = .437)						
b. R Squared = .465 (Adjusted R Squared = .449)						
c. R Squared = .495 (Adjusted R Squared = .480)						

Source: Survey data

The output of MANOVA shows that, all the variables used in Knowledge management differ significantly among the Commercial Banks and the Housing Finance Companies selected for the study. In the case of Customer preferences and expectations, Customer information management and Dissemination of customer information, the mean value is the highest for Federal Bank. This mean score variation was statistically tested by applying MANOVA model. The Pillai's Trace and its associated 'F' value (10662.875) is found to be statistically significant at 5 per cent level of significance. Since 'p' values are less than 0.05, null hypothesis cannot be accepted. Hence there is significant difference in the mean values of set of variables describing Knowledge management of employees of Housing Finance Institutions.

VII. DISCUSSION

The result of *'t' test* showed that Commercial Banks needs to improve their activities for identifying customer preferences & expectations and customer information management. Customer preferences and expectations can be identified by collecting proper customer feedback. Always keeping in touch with customers through customer touch points and doing Customer service audits in regular intervals can help to identify the change in customer taste and preferences. Customer information management can be improved by installing mechanisms to share the customer information among various departments and branches, continuously updating customer information and using customer information as the basis for developing or improving Housing finance products. Housing Finance Companies (HFCs) scored less in Dissemination of customer information. Hence measures should be taken by HFCs to share customer information across various branches and to update the customer related knowledge for making available to the employees.

MANOVA results showed that among the Housing Finance Institutions selected for the study, the mean value for Customer preferences & expectations, Customer information management and Dissemination of customer information, are the highest for Federal Bank. The result also showed that there is significant difference in the mean values of set of variables describing Knowledge management of employees of HFIs.

VIII. CONCLUSION

The study was conducted by collecting data from employees of select Commercial Banks and Housing Finance Companies providing Housing Finance in Kerala to understand the knowledge management practices among them. Different variables such as Customer preferences & expectations, Customer information management and Dissemination of Customer information were analysed for this purpose. The study revealed that though Federal Bank leads in Knowledge Management, efficiency for identifying Customer preferences & expectations and Customer information management were better in the case of Housing Finance Companies. Dissemination of Customer information was better in the case of Commercial Banks. Needed corrective measures can be taken by these Housing Finance Institutions to improve their knowledge management. It is suggested that proper management of customer knowledge can help Housing Finance Institutions to maintain better relationship with customers and to attain higher level of Customer satisfaction.

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