

ABSTRACT

The critical resource apart from land, labor, natural resources and machines to have an edge over competitors in the 21st century business environment would be knowledge, knowledge management and strategic thrust with knowledge management inputs. For the Indian cement industry, it is critical to embrace application of concepts of knowledge management. The Indian cement industry has evolved post decontrol of cement from government, namely in terms of change in technology to produce cement of different varieties, emerging prominence of consumption segments, related customer mix, surplus demand supply situation, entry of foreign players, increasing expectations of customers and pressure on prices. To manage these changes and challenges have necessitated a need for distinct strategic thrust that would require greater thrust on knowledge management (KM) to derive competitive advantage.

The KM is composed of KM practices and KM processes, wherein practices have two major components – HR and IT and processes have four stages – acquire, share, use and apply. The impact of KM on organization, as studied by researchers, have revolved around – competitiveness, innovation, organization performance, financial performance, quality and strategic benefit. The key aspects focused by majority of studies revolves around competitiveness and innovation. However, few authors have attempted to understand the combined impact of KM processes and KM practice on organizational outcome.

The literature review also reveals methodologically a distinct shift in favor of empirical studies as against non-empirical studies in the field of knowledge management over years. It is observed that there is a shift in the trend of KM publications from developed to developing countries wherein China has emerged as the dominating country surpassing UK and USA. The share of KM studies in Indian context have lagged far behind other leading countries. The studies of KM's impact and relationship within functions such as – Production, Marketing, Outbound and Inbound Logistics, R&D, HR, Procurement etc. have been limited.

To fill in the identified gaps that have emerged from the literature review of prior research work, this study seeks to answer the following questions:

Research question 1:

What are the components of KM in the marketing and sales function of Indian Cement Industry?

Research question 2:

How critical are components of KM in the marketing and sales function of Indian Cement Industry related to each other and their implications on deriving competitive advantage?

To seek answers to the research questions a model for KM built on the foundation of the value chain model by Porter was used to understand KM's linkage with competitive advantage in the organization through its marketing and sales function. The comprehensive model considered KM processes and KM practices for the study encompassing primary components - Outbound Logistics, Marketing and Sales and Services with associated secondary components - HR and IT, contributing to competitiveness – market share, growth, innovativeness, responsiveness and profitability. Based on the model a questionnaire comprising of 65 variables was developed that covered areas namely - KM practice, KM process and competitive advantage. The questionnaire was administered to 962 TSM's of cement companies based in India and a valid and complete response from of 120 TSM's was received registering a response rate of 12.47%.

The data collected was put to statistical analysis – first for normality assessment using SPSS 16.0 software and second for Structural Equation Modelling using AMOS 20.0. The 17 critical variables were identified out of 60 variables based on various stages of statistical analysis to develop a comprehensive final model encompassing KM processes and KM practices having a direct impact on competitive advantage through 3 variables out of 5 considered for measuring competitive advantage. The final model developed revealed that KM that comprises of KM processes and KM practices has a positive impact on competitive advantage. An important aspect emerging from the study was that out of four KM processes – acquire, share, use and apply, one process namely share did not appear in the final model.

The key findings emerging from the study that affect competitive advantage through knowledge management pertaining to marketing and sales functions in cement industry in India are as under:

Key KM variables related to Competitive Advantage

The three key variables pertaining to competitive advantage having critical value proposition are - organization is growing faster, more profitable and more innovative by using knowledge management imperatives. Innovation is key to growth in the 21st century which has emerged as a key variable resulting in deriving a competitive advantage. As such an innovative company is expected to have a faster growth and could create benchmarks in critical marketing and sales function to derive greater profitability. The two variables under the competitive advantage which did not find a place based on the findings of the study in context to cement industry are - responsiveness to customer and the market share.

Critical variables of KM processes affecting Competitive Advantage

The KM processes in a cement industry especially pertain to channels, inventory and modes of transportation which play an important role to timely meet customer requirements through dealer network. These three aspects of KM processes contribute significantly to the value chain through marketing and sales function for deriving competitive advantage.

It is evident from the study that knowledge management intelligence processes through sales force teams to know about the upcoming construction projects in different sales territories and proactively pass over the same for developing effective marketing plan and sales promotion strategies which contribute directly to value chain in achieving competitive advantage.

The findings also reveal that pricing strategies and credit terms are critical variables for cement industry from KM process perspective, as they have greater bearing in the overall value chain for deriving competitive advantage as compared to advertising strategies and sales through discounts as means for achieving goals.

The KM processes that pertains to service level standards of fulfilment of expectations of dealer in terms of response time, announcement of price change and discounts and

fulfilling the orders have not emerged as critical variables. This may need further exploration in the present emerging scenario to substantiate its relevance or otherwise.

Critical variables of KM - HR practices affecting Competitive Advantage

The human resource development practices through KM pertaining to participation of employees in seminars on sales promotion, training on carrying out cost benefit analysis of discount schemes and training in credit terms negotiations contribute directly to the value chain for deriving the competitive advantage. It is evident from the study that training particularly related to channels, inventory management, transportation modes which are mostly logistics in nature have not emerged as critical variables affecting competitiveness. The study also reveals that rotation of sales force from one territory to another, small team size deployment in advertisement function and recognition for price fluctuations do not contribute much value in the whole chain in cement industry.

Critical variables of KM - IT practices affecting Competitive Advantage

The findings reveal that IT support through KM practices contributes great value through pricing, discount and credit terms decisions which need to be continuously examined through inputs from IT practices to derive competitive advantage. However, KM IT practices pertaining to channels information and visibility of inventory to both dealers and logistics teams do not contribute much value to the whole value chain. The findings reveal that installation of GPS in trucks through IT practices does not contribute much value to the competitive advantage in the present state of the industry. However, this appears to be an important variable and is likely to emerge as a critical factor in the coming years. This aspect may need further study.

The findings of the study would mainly encourage top management in the cement industry to appreciate the relevance and importance of KM processes and practices, as also pick up the critical threads based on empirical evidences arrived at from the study that would help them to be ahead of the competitors by investing in critical areas of knowledge management pertaining to marketing and sales function of cement industry. The study has some limitations that suggests opportunities of future research.



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