

## KNOWLEDGE MANAGEMENT EXPLORING THE FUNDAMENTAL THEORY EFFECT OF CORPORATE KNOWLEDGE MANAGEMENT FOR STRENGTHENING MARKETING STRATEGY APPLICATIONS

Dr. Liu Ying-Yen  
Chang Jung Christian University, Ph.D.  
in Business and Operation Management, Taiwan  
Doctoral researcher of, California State University  
[cjcuylu@gmail.com](mailto:cjcuylu@gmail.com)

### Abstract

In different fields of various industries, the development of information technology has created a broad field of knowledge. Therefore, the knowledge management field and related systems have helped provide corporate organizations with convenience and problem resolution. Furthermore, consistent interest in organization knowledge and knowledge management in corporate organizations has created a fundamental concept, so that how "knowledge" can be used to assist the operation of marketing strategies to improve product and service performance from the perspective of business management becomes helpful. This study proposes the following.

1. To apply the concept of knowledge-based theory -- the ability of a corporate organization depends on the integration mechanism that collects knowledge of individual behavior to enhance said organization's competitive advantage; apply the use of social capital theory -- the resource relationship between individuals and units within the organization, which is also the concept construed from sociology to interpret social relationships.
2. To apply the use of marketing knowledge in knowledge management to improve the surrounding competitive environment and discover the needs and expectations of customers; most of all, doing so can help identify available marketing opportunities to enhance competitive advantages.

Keywords: theory of knowledge management, knowledge-based theory, social capital, customer relationship management, customer satisfaction, customer loyalty

## Motivation and Purpose

In the world of global marketing, corporate organizations must confront challenges from various competitors, so that concepts and applications of developing marketing management for business operations are observed with formalization and pragmatism. With regard to current economic market activities, the advancement of technological transportation and the rapid expansion of human activities have created considerably diversified market value. Peter F. Drucker, the management master, once said, "The market value should be based on intellectual capital, while intellectual capital should come from knowledge. Knowledge will replace land, labor, capital, and machinery and equipment and will become the most important production factor." Peter Drucker believes that "an organization's most valuable asset in the 21st century is a knowledgeable worker within the organization, as well as their productivity." Therefore, knowledge management enables organizations and individuals to have greater competitive strength and make better decisions. Chung Jen Chen (2010) suggested that knowledge management is positively related to firm innovation. Furthermore, the effect of knowledge management on innovation is positively moderated by a supportive climate and a decentralized, integrated, and less formal structure.

Knowledge management is a great opportunity but also a challenge for both organizations and individuals. In fact, the intrinsic terms that corporate organizations possess include adaptability, application, and creativity. In order to respond to changes in a resource-related context, "knowledge" has become a managed

asset. In the marketing world, the economic strength of customers, competitors, technology, and enterprises are constantly changing and causing many challenges and competition to corporate marketing. Therefore, knowledge management is a formal and standardized process of a company, and that the possessed information must first be inferred as being beneficial to the company or other stakeholders, so that company personnel can easily obtain the information. Maria Martensson said that "the management of knowledge is promoted as an important and necessary factor for organization survival and maintenance of competitive strength." Therefore, to remain at the forefront, organizations need to utilize their employees' capabilities.

A knowledge management model includes the following steps:

1. Establishing a quality information base.
2. Establishing an information communication network in between the company's service staff and product manufacturers.
3. Passing the experience obtained during task performance on to other employees.

Effective customer knowledge not only operates at the customer knowledge level, but also penetrates into managing customer knowledge at a deeper level; therefore, customer knowledge is deeply embedded into the minds of customer service personnel, as well as the customers themselves. Wayland Cole (1997) suggested that if companies want to understand customers, they should not only

quantify the customer information they receive, but also analyze and understand customer knowledge through organization. As such, the information about customers, knowledge, and management obtained for collection, storage, analysis, and communication can be used to make each and every decision and can be of great benefit to the organization for communication at all levels, thus helping to maximize its effect.

With the rise of consumerism, enterprises are examining their relationship with customers, and providing customers with high-quality services and developing an image have become strategic tools. Therefore, an important marketing issue is to seek customer satisfaction and customer loyalty. Therefore, “customer satisfaction” is an important part of modern management, while “creating customers” is a source of continuous growth within the company. As a result, establishing long-term relationships with customers is the key to winning in a highly volatile market.

The objectives of this study are as follows:

This study makes use of the knowledge-based theory concept that the ability of a corporate organization depends on the integration mechanism that collects knowledge with individual behavior within an organization to enhance its competitive advantage.

This study makes use of social capital theory to explain the resource relationship between individuals and units within an organization, which is also the concept construed from sociol-

ogy to interpret and explain social relationships.

This study makes use of marketing knowledge in knowledge management to improve the surrounding competitive environment, discover the needs and expectations of customers, and identify available marketing opportunities to enhance competitive advantages.

## Literature Review

### *Knowledge-based theory, social capital theory, and knowledge management*

Knowledge-based theory .

Enterprises develop new competition advantages through their stock of knowledge, as well as the cognitive learning ability of the organization structure. In fact, knowledge-based theory is the basis of corporate organization for knowledge sources, while an enterprise’s existing knowledge management structure is the competitive advantage for developing innovation and the ability to allocate resources among enterprises. Therefore, an enterprise’s production services, marketing, and innovation activities will demonstrate their competitive edge. The greatest resource of an enterprise is knowledge, and corporate management makes use of knowledge innovation to achieve operation purposes. Therefore, an enterprise’s knowledge foundation must be strengthened through the organizational structure’s learning ability in order to appreciate the essence of knowledge in a profound sense and utilize knowledge management and mutual cooperation within the organizational structure to efficiently obtain knowledge and create enhanced value orientation.

Knowledge is further brought forth to solve problems; enterprises can use its acquired knowledge to solve new problems of new enterprises and obtain greater competitive advantages by enhancing their capabilities by integrating enterprise stakeholders.

"Tacit knowledge," which is highly regarded by knowledge management in enterprises, encompasses not only technology and experience, but also the wisdom, skills, and secrets accumulated by employees over a long period of time; this is the knowledge that helps enterprises succeed. Such knowledge is highly personal and difficult to format, such as subjective understanding, intuition, and premonition. Meanwhile, "explicit knowledge" refers to knowledge that can be stored with words, patterns, and sounds. Effectively collected, preserved, and passed on, explicit knowledge will continue to innovate, preventing the loss of valuable knowledge and as the "brain drain" of enterprises. As noted by Dr. Ikujiro Nonaka, head of the School of Behavior in Knowledge Management, knowledge innovation does not simply involve dealing with objective information, but exploring potential ideas, intuition, and inspiration in the minds of employees and applying them altogether. Furthermore, the knowledge-based theory can help companies understand their revenue and sales, as well as assets usage during operation, and pay attention to the profit and cost of each customer when interacting with them. As for transaction maps and new information technology incentives, when employed in marketing, they help individuals to learn about the transaction cost of channels and manufacturer evaluations and to measure customer satisfaction criteria and the poten-

tial profitability of customers. Terry L. Esper (2009) suggested that successfully managing the supply chain to create customer value requires extensive integration between demand-focused processes and supply-focused processes that is based on value creation through intra-organization knowledge management.

This study will examine the concept of the knowledge-based theory. First, the ability of corporate organization relies on the integration mechanism that collects knowledge with individual behavior, which then further enhances the organization's competitive edge. Second, the intensified common knowledge will become wider and broader with the scope of collection, so that a single individual does not work alone to strengthen the enterprise.

#### Social Capital Theory.

Social capital refers to the realization of instrumental and emotional goals, which is mobilized through the resources and capabilities of social networks. Doing so helps enterprises connect and exchange tangible and intangible resources more smoothly as they make use of their social intellectual capital and increase their opportunities for management, motivation, and operational capabilities to ultimately create intellectual capital that benefits cohesiveness among the organization. Furthermore, the boosted efficiency related to the transfer and exchange of "tacit knowledge" should help maintain the performance of corporate organizations.

Wikipedia: Social capital generally affects the socio-economic development of organizations by increasing the interaction and trust among members of said

organization or by utilizing the connections between members of the organization with the outside world as it obtains useful opportunities and information. Many scholars from the field of organizational theory and strategy management apply the concept of social capital to the establishment of research and development for corporate competition and gain significantly more benefits through the relationship of the leverage principle.

This study employs the social capital theory to explain the resource relationship between individuals and units within the organization, which also reflects the concept construed from sociology to explain social relationships. Social capital also expresses the intangible relationship between people, so if it is interpreted from an economic point of view, the doer must possess and control resources in order to gain benefits. Without social capital, members would find it difficult to achieve their goals or would have to pay a steep price for realization, and it would be unlikely that the community could be turned into an organization. The generation, dissemination, sharing, and integration of corporate marketing knowledge must be facilitated to maximize social capital and enhance the management of customer relationships by enterprises in order to develop a favorable network. Moreover, the connection relationships of embedded enterprises must have a sound knowledge management infrastructure, such as organizational culture, organizational structure, leadership, and information technology facilities. Important decision making and core value creation activities related to information and organization can be relayed to customers via relevant

information, as well as through its products and services when it conducts critical decision making about an operation. Peter J. Sher and Vivid C. Lee (2003) noted that management interests focus on knowledge management as a major determinant of business excellence and competitiveness. As a result, the higher the circulation of organization knowledge, the higher the value of the accumulated and created knowledge. As for attracting to customers, the social capital of a network will thus become deeper.

Knowledge management theory.

One important concept about knowledge management is that knowledge management should work to convey "knowledge," which is defined as the result of experience and exploration. In the past, corporate management emphasized production and marketing, the flow process of humans working towards wealth, while corporate assets emphasized land, equipment, and factories for productivity. These days, enterprises need to do well internally with knowledge management and must encourage diversified thinking. As well described in The Inference Corporation, "knowledge management is when an enterprise applies its optimal learned knowledge to help people work with their brains and facilitate their growth, embracing knowledge not only obtained within the organization, but also from stakeholders outside the organization." Therefore, "trust" and "sharing" within an enterprise are factors for success when implementing knowledge management. Trust in technical competence, information redundancy, and rich personal interaction is an important process variable for the

effective and efficient creation of new knowledge.

Dr. Larry Prusak believes that a knowledge management environment of "trust" and "sharing" needs to be established with the following three conditions:

Transparency: Trust is founded based on highly transparent communication.

A shared story is valuable: The community must spread the story of mutual love, trust, and help and prevent the cycle of picking up evil-doing before people are willing to share with one another.

Expand the scope of mutual trust: The scope of mutual trust should be actively expanded so that the foundation of mutual trust can be spread out to create a greater impact.

According to Beckman (1997), knowledge management enables the experience, knowledge, and expertise of an organization to create new capabilities, so that it can achieve higher performance, encourage innovation, and enhance customer value. Meanwhile, the Gartner Group (1997) explained that knowledge management is the infrastructure of enterprises regarding the organization and technology that facilitate knowledge to be shared and reused, as well as an integrated operational capability pertaining to the policies and procedures that identify, manage, and share all the databases and documents of an organization. Consisted of, it is about the tacit skills and experience of workers who have not yet acquired knowledge.

The perspective of Andrew H. Gold, Arvind Malhotra, and Albert H.

Segars (2015) suggests that a knowledge infrastructure consisting of technology, structure, and culture, along with knowledge process architecture of acquisition, conversion, application, and protection, represents the essential organizational capabilities or "preconditions" for effective knowledge management.

Corporate value arises from the production of competitive products. In these times of intellectual economy, corporate management emphasizes the innovation of intangible knowledge assets and protection of intellectual capital among enterprises because intellectual property has a corporate value that comes from innovative products and comprehensive solutions. Furthermore, knowledge management relies on information technology to promote group communication, knowledge sharing, and the development of an organizational culture that is conducive to knowledge management activities. Consequently, evaluation procedures are developed through the formation of organization structure that boasts "organizational culture," "organizational structure," "leadership," and "information technology" as the crucial key factors for corporate success.

#### *Critical Internal Factors That Affect The Successful Implementation Of Knowledge Management*

Organizational culture.

Organizational culture is the combination of members' values, beliefs, emotions, attitudes, and behaviors within an organization, and it has a great impact on the employees, such as their customer-oriented culture, culture of learning organization, and comprehensive quality

management culture. Ramin Vandaie (2008) noted that competitive advantage arises from an organization's capabilities to internalize and integrate the adopted process with existing knowledge paradigms and harmonize the new system and the organizational culture towards getting the most out of the implementation efforts. "Organizational culture" is mentioned in a lot of the literature and has many different viewpoints and definitions. According to Kono Toyohiro (1992), organizational culture is a general name for social atmosphere, company style, corporate profile, corporate culture, and entrepreneurial spirit. Organizational culture is not a set organization and institution, but rather the value and behavioral patterns of its members' beliefs. Furthermore, Mintzberg said that if one uses a mirror and turns it to power, one will see the opposite image of organizational culture. In fact, culture is found to closely combine many aggregates that are joined together into a complete entity. As for "industrial secrets," what it actually describes is various industrial cultures; in other words, it is the attitude to take in order to manufacture and sell goods in this industry. For example, the fast food industry has gradually formed its industrial culture through Macdonald's guidance.

According to Jay B. Barney (1986), firms that have culture with the required attributes can achieve sustained superior financial performance due to their culture. The Taiwan branch of Applied Materials Inc. introduced knowledge management in 2000, with its vision for knowledge management being: "To nurture a knowledge sharing culture within the organization and seek opportunities to

transform business models, thereby increasing organization value and results." Regarding the coordination and integration of an organization, a culture of openness, cooperation, and willingness to communicate should be established not only horizontally between departments but also between different levels in vertical terms; it is conducive to the coordination and integration of an organization, including tradition, beliefs, and values. Such a culture should set itself significantly apart from other organizations and inject a unique vitality into its organization. Hence, the authentic facade of global organizational culture today is an attempt to understand the diversity of culture as it affects the interaction between people as we learn about the models of individuals and puts us in contact with other closely related communities. Ultimately, these social norms will create differentiations and help cross barriers among nations.

#### Organizational structure.

Organizational structure refers to how an organization classifies its units and what tangible and intangible methods and tools are coordinated or integrated with each of the units so that they can be further coordinated and integrated after internal classification work is conducted. Then effective operational arrangements and practices can be carried out. Next, the coordination and integration mechanism of the organization is connected through various departments or levels through certain mechanisms, making the organization an entity that is both efficient and effective, such as the organizational level.

The manner in which an organizational structure renders the work, responsibility, and power into a formal and appropriate assignment so that the manager or supervisor can focus on implementing business and decision-making operations is considered important. The organizational structure tends to become specialized, standardized, formalized, and of course more centralized. For organizations to succeed, in the words of Peters and Waterman, such factors as strategies, structures, systems, styles, and employee skills have to be harmoniously matched and followed in order to achieve efficient internal operations and obtain the prerequisites for favorable perform-

ance. Such prerequisites are formed by factors like human resources, authority, responsibility, work content, goals, and working relationships, while its essence is a means to achieve the goals of each organization.

Therefore, the most important approach and objective involves how human and material resources can be divided into different groups and classified into the entire system so that they can achieve high efficiency under the overall system to achieve the business operation goals, which are the primary orientation and objective of the organizational structure.

Table 1. Structural Factors of Organization

Structural Factors	Definitions
Sophistication	The concept of organizational complexity can be described in two ways: horizontal differentiation and vertical differentiation.
Specialization	Each employee can only focus on a small part of the overall workflow, which is a breakdown of the work within the organization.
Standardization	Perform assigned work, and develop consistent rules, procedures and methods.
Formalization	Formal processes, documents, and communication within the organization must be carried out in writing.
Centralization	This refers to whether the decision-making power is concentrated on a few high-ranking personnel, sometimes called the "degree of centralization".
Professionalization	Employees who are able to perform their work smoothly need higher education or formal training to improve their professional skills.



## Leadership

As noted in *The Treasury of Western Management Thoughts* (1993), "Leadership is a process of interaction between people. Through this process, management strives to influence members to accomplish their intended mission objectives." Leadership is not just a role, but also a state of mind, and the most important task of leaders is to make the right decisions and directions for organizations and stakeholders when the organization experiences distress and difficulties. In such cases, all resources and strengths can be concentrated to be utilized on the most important things. Leadership must go through the environmental tests. Former US Secretary of State Madeleine Albright had been said "the key is holding right position at any place". "The organization needs to gather intelligence and strength as facing the challenge to get positive change of organization

In a rapidly changing society, leaders should establish the direction and create the customer focus, vision value, and higher expectations in order to orient the needs of your stakeholders in the right direction, value, and expectation for exploration. Leaders must recognize the creation and methods of strategic systems to achieve high quality and exciting ideas, as well as build up knowledge management and capabilities to assist and guide all decisions and activities. Furthermore, leaders should have a broad mindset that inspires and encourages the entire workforce to carry out assignments, develop the business, obtain knowledge, and come up with ideas. J. Rodney Turner

(2005) views prior leadership as a critical success factor in the management of organizations and has shown that an alternative success style can lead to better performance. In order to become successful, leadership require an institutive understanding of human nature as the basic needs, wants and abilities of people.

According to Gary Yukl (2002), "Leadership is the process by which leaders attempt to influence their subordinates, and the process involves the characteristics of the leader, the characteristics of the subordinates, the way of influence, and the external environment. These four factors also determine the success or failure of such leadership." Leaders should have all kinds of plans, communication, future leadership development, insights about organizational performance, and awareness of company employees through ethical behavior and involvement stored within themselves. Organization must develop a long-term view and plan to stay in business by setting long-range goals. In fact, successful quality leadership is obtained as leaders display core traits, which should strengthen values and expectations, as well as build up leadership commitments across the organization. Therefore, strong leadership will lead an organization towards the desired vision.

### *Information Technology*

The American Productivity & Quality Center (APQC) believes that knowledge management is a process for identifying, acquiring, and leveraging knowledge to help organizations maintain their competitive advantage. In a highly competitive market, companies

must enhance their value orientation and implement decision-making with high efficiency in a constantly changing business environment. Therefore, the key to success or failure is properly planning and scheming the information system architecture through internal management so that the core team can formulate and execute decision-making based on information. By doing so, employing information technology to establish supply chain management, business systems operations, customer relationship management and each e-commerce system strategy will help to show the reliable and correct enhancement for advantageous productivity.

Information technology is applied to help corporate decision-makers formulate decision-making and maintain control. In its broader sense, internal application includes different connotations, as well as hierarchical content with regard to information, materials, wisdom, and knowledge. Its purpose is to exchange relevant information with other upstream and downstream suppliers in the process of business operations, so that interactions can continue to develop with stakeholders in a more efficient manner. A stronger competitive edge can thus be demonstrated as the operation performance of an organization is enhanced through various authorization procedures.

Therefore, knowledge management requires that the information system department provide a system to support knowledge management, including knowledge identification, exploration, and analysis, establishment of a knowledge database, and use and

sharing of knowledge and experience. For corporate organizations, information technology is a tool that achieves knowledge management, while the appropriate use of IT tools can render the management and application of knowledge with double the efficiency while exerting only half the effort.

Information management can help play a richer role for enterprises and re-create their core competitive advantages. With such enormous value potential, internally establishing hardware devices with brand-new network-related talents has become an important task. Ultimately, a successful business model of corporate resource integration can be brought through principles and perseverance, along with the passing of time.

According to Nonaka and Takeuchi (1995), the ability and technology of successful "creation with organization knowledge" by Japanese companies is the only way in which Japanese companies continue to innovate. They further explained that "knowledge creation can output innovation, so that when the tacit knowledge of individuals" interacts with explicit knowledge, innovation is immediately produced, while knowledge creation behavior enables an organization to continue with innovation and maintain its competitive advantage. This research has combined knowledge group creation and innovation to establish a research model. Taking MOS Food Services Incorporated as an example, we explored the knowledge creation, exchange, and consensus, as well as the knowledge management between the enterprise and its founding

members, and discovered the creation process and experience of MOS Food Services Incorporated with the study of related practices for overall marketing strategy.

The cases of knowledge creation process and experience by organizations illustrate the spiral development and context of knowledge creation, as well as the impacting output status of the case through knowledge transformation and diffusion model.

### Case Study

#### *Company Introduction*

AN-SHIN Food SERVICES CO., LTD. is a well-known chain catering group in Taiwan that was founded in 1994 with a capital amount of NTD 324 million. The principal, President Huang, was inspired by the food safety issues he witnessed in Taiwan during the previous 10 years. He makes every effort without exception to protect the source of food fed to his subordinates. AN-SHIN Food joined with Dongyuan Group to introduce the well-known Japanese brand "Mos Burger" for operation. After McDonald's, it has steadily taken second place in the fast food industry by adhering to the operation ideas of "contributing to humans, contributing to society". The managerialist, Drucker, has previously pointed out that: "All the great enterprise founders have had a specific idea, and even a set of clear 'career theories' that allow others to clearly understand their behavior and decisions." AN-SHIN Food has passed the food safety improvement inspection both internally

and externally, as well as evaluation of the supply chain. President Huang has said, "Food safety is important. If an enterprise does not work hard and instead makes fun of humans, it is very immoral." Therefore, the name "AN-SHIN" hopes to make customers enjoy food happily and without worries. The strategy scientist, Henry Mintzberg, notes that an entrepreneurial strategy usually uses the method of locking the niche market, thus avoiding some parts from the impact of the comprehensive competitive forces.

To relieve customers with regard to eating food, food materials shall be managed from the original place of purchase. The link supervision starts with the manufacturing factories. President Huang has also said: "We have tried hard in this aspect even though the public has not paid attention to it." The strategy scientist, Henry Mintzberg, explains that if the enterprise organization knows the direction, the objective of using the strategy is to make use of its controlled technology, which certainly achieves the purpose, both formally and in analysis.

#### *Keys to success of an operation*

Catering is a kind of micro enterprise. The product must be unique to counter the cutthroat price competition. Therefore, food safety is the first key strategy for a company's operations. The positioning school of strategy has mentioned that the comfort of the defending strategy, which means that the firm profits provide the saving resources needed for expansion, while it can also be used to expand or consoli-

date its current competitive position. Moving from the manufacturing industry to the service industry, in addition to product innovation, what's most important is understanding customers' demands and exploring market context trends to further develop the enterprise's sustainable operations. With regard to ensuring food safety, scholars of the innovation school in strategy believe that only individualized leadership based on strategic vision can be seen as the key to an organization's success. President Huang explained: (1) start from the source of purchase; (2) standardize food safety management; (3) confront deficiencies honestly and trace improvements. As early as 2006, to make customers feel at ease when eating its products, AN-SHIN Food has made efforts to practice the production record of agricultural products, implement the source management of agricultural products, and establish a three-in-one green purchasing strategy, including local purchase, contracted farm, and production record. Regarding human resources, it has established quality assurance personnel. It has also established the Supplier Evaluation System for all suppliers, which provides evaluation standards for materials, working processes, and finished products of the suppliers. In 2014, when the food safety storm occurred, the self-spot check of the company occurred as many as 566 times, and the QA associates performed the spot checks in all branches in person, including checking equipment, raw material purchase, production processes, and out-field appearance.

Therefore, the enterprise's value chain shall encompass infrastructure,

human resources, research and development technology, and material purchases, as well as quality control in the production process, and finally, the sale to customers. Among them, product quality, environment management, service quality, and measuring quality by price are sources of competitive advantage. The entrepreneur Sam Stanburger has said, "I am familiar with the commodity. I understand the cost. I comprehend the marketing. I know the customer demand. I understand everything and transfer all that I know. I constantly educate my staff. That is our competitive advantage. The entrepreneurs, Bennis and Numus, noted that entrepreneurs rely on actual resources owned by the organization, capital, employee skills, raw materials, and technology for the operation.

Indeed local purchase and implement social enterprise responsibility AN-SHIN Food has been devoted to promoting the "three-in-one green purchase" strategy since 2006. As of 2014, about 58% of raw materials of AN-SHIN Food were purchased in Taiwan, and the company tries to largely use local food materials provided directly by the local peasants' unions, cooperative production, and marketing units, which not only shortens the transportation distance for the food materials but also retains freshness. For example, the beefsteak tomato comes from Guan Mountain and Jiayi River of Taiwan, and eggs and such vegetables as cabbage, onion, and green lettuce come from Yunjia'nan Plain. In particular, for the popular Rice Burger, the high-quality rice is from Xiluo, while some organic rice also comes from Luye, Taiwan, which is approved by Taiwan's

Agricultural Development Association for Organic Rice and registered as “Fulu Rice” in Luye Peasants' Union. The industrial structure ensures the constitution of all industries and the relation and proportional relation among all industries; the industry structure is the most important.

AN-SHIN Food tries hard to provide safe products, from the R&D and planning of commodities to all operational links of raw material purchases, meal making, and the eating environment. To comply with the good specifications and codes of catered food and the periodical survey of wholesome food administration law, AN-SHIN Food also established a research lab and obtained ISO/IEC 17025 certification approved and issued by TAF. The food industry proceeds from raw material purchases to implement enterprise social responsibility. Michael Porter suggested that the strategy in the industry is that the enterprise should focus on a specific customer group, product line, or regional market. Two strategies are available, one of which is: "centering on differentiation" to provide the specific industrial segment with uniqueness. The company asks for precautions at every link of the supply chain, to obtain balance between food safety and multiple purchases, to constantly develop new suppliers, and to patiently and rationally communicate the most current food safety requirements so as not to damage the enterprise's reputation and to maintain customers' rights and interests.

#### *Critical Success Factors For Agriculture In Taiwan*

In January 2002, Taiwan joined the WTO in the name of "the individual customs territory of Taiwan, Penghu, Jinmen, and Mazu" and appointed a permanent delegation to WTO in Geneva, Switzerland. With the influence of imported agricultural products, especially regarding the rice industry, which faced unprecedented challenges, domestic rice had to promote its competitiveness to fight the competition of imported rice, protect farmers' rights and interests, and reduce damage to farmers. Therefore, thanks to the active promotion of the Agricultural Committee of the Executive Yuan, the Rice Production and Marketing Strategic Alliance in Taitung Hualain was established. This organization also encourages farmers to plant the good varieties suggested by the government and to learn about production technology from one another, especially in the cultivating regions for high-quality rice in Luye, Taitung, and Hualian. The average elevation of Luye is about 200 meters and introduces water from the upper- and mid- reaches of the Beinan River for irrigation. The area has no factories and no problems with waste water or heavy metal pollution, which makes the water sweet. The climate and geography result in an advantageous economic crop, “Fulu Rice”. Such product innovation will expand the market, thus promoting industrial growth, increasing product differentiation, and enhancing other operation effects.

#### *Product Promotion Strategy*

Fulu organic rice is the result of constant planting at the local Luye Test Lab and Cooperation with students and has passed the certification of the Organic Agricultural Development Association in Taiwan. It is marketed as the brand of “Fulu Rice” registered by the Luye Peasants' Union. Successfully popularizing the agricultural transformation increases farmers' earnings and makes sustainable agricultural operations from the traditional operation model. It also coordinates with related governmental policies to work on producing high-quality rice. The standard planting process rationalizes management, produces high-quality organic rice, meets the requirements of the consumer market, and actively carries out performance.

The operation of the production and marketing cooperative has some basic standards; for example, the planting area shall not be changed at will, chemical fertilizers and pesticides cannot be arbitrarily applied in the planting of rice, rice shall be given to the contracted allied factories after growth for processing, the valuation market of the shares shall be adjusted based on the fixed market price, and the rights and profits of peasants shall be protected. These formulated standards shall strictly conform to the actual demands and interests of production and marketing. Through vertical and horizontal integration and expansion between the same business or different businesses and integrating related resources, it can develop the agricultural production and marketing system, construct the perfect production and marketing net, and establish agricultural product logistics and agricultural

product processing in order to play the effects of scale economy, promote economic effects and quality, and provide profits to peasants, adding further protection to the influence of the WTO on rice production and marketing in the East.

Porter (1985) performed value analysis on the industry and found two important connotations. First, by recognizing the technological features of different value activities, the industry can be observed more precisely. Particularly under the condition of differentiation in the learning effects and scale economy with different value activities, it must analyze from the value activity. Second, regarding value activity level, the process of linkage between the upper-stream suppliers or the down-stream customers and the industry can be better understood. Customers usually inquire about some specific value activity and then extend the deal to other value activities.

When the value activities managed by the enterprise are linked, the value chain of the enterprise is formed. Whether the value activities of the enterprise cross multiple industries will determine whether the industry's value chain is limited within a single industry or crosses various industries.

### *Marketing Strategy*

Due to serious population aging in rural areas, joint operations and mechanized operations are needed to balance the labor, products, and revenue of farming, as well as to mutually support manpower and promote the marketing of “Fulu Rice”. Furthermore,

the internet marketing and home delivery business was developed, to facilitate it for the consumer's purchase. The brand sales of "Fulu Rice" also adopted the responsibility system and have been approved to be qualified by FOA. This qualified organic product is recommended by the government and has successful R&D of cultivation techniques. This also represents the pioneering work for rice products in Taiwan, ensuring the quality of the organic rice that appears on the market. Therefore, it is qualified to be the raw food material for the AN-SHIN Food Chain Group. The "Mos Burger" brand has two core standards of organic and natural, which are the reasons why most customers purchase. Kotler has said, "The future is full of challenges. The strength of the social economy, culture, and natural environment will place new limitations on marketing and the enterprise. An enterprise with innovative solutions and value creation in social

responsibility will have a great opportunity to succeed." He also said, "A successful cause-related marketing plan will improve social welfare, create the brand position of differentiation, establish a strong customer cohesive force, intensify the enterprise's public image, create reputation accumulation, advocate internal morality, and motivate employees, as well as drive the sales volume and increase the marketing value of the manufacturer. The customer can form a strong and unique cohesive force with the company, and such a force can surpass general market transactions." Under the operation of AN-SHIN Food, the Mos brand has successfully survived in the Taiwan market and gradually expanded. Furthermore, it has absorbed related knowledge by comprehensively applying a combination of law and economics in operating the social enterprise for comprehensive appreciation and sustainable development.

Table 2. Potential Profit of Organic Agriculture

Variable item	Potential profit
Agriculture	Increase diversity, long-term land fertility, high-quality food products, reduce harmful diseases, self-reliant production system, and stable production value.
Environment	Reduce pollution, reduce reliance on non-renewable resources, only slight soil denudation, and protect wild animals, flexible agroecological system, harmony between industry and environment.
Social conditions	Improve health, better education, stronger community, reduce rural mobility, gender equality, increase employment rate, better quality of work.
Economic conditions	Stronger local economies, self-reliant economy, safe revenue, increased feedback, reduce cash investment, low risk.
Organization	Solidarity, stability, organization with democratic spirit, increased productivity.

Data source: United Nations (2002)

### *Certification System*

For the certification system of organic agricultural product in our area, the government only defines the principle standards, and non-profit organizations that pass government certification decide the certification standards and process. The farmers can determine the cooperative certifying organization. This concept belongs to the "self-regulation control strategy". The production of organic agriculture primarily relies on the conscientiousness of the producer, so the certification system has credibility. Honest interaction is practiced among the government, non-governmental certifying organizations, producers, marketing channel units, and customers in order to achieve the control targets of the certification system. According to the definition of the International Federation of Organic Agricultural Movement (IFOAM), the target of organic agriculture is to create a production system with conformability and humanization, as well as with sustainable development in both the environment and the economy. In accordance with the aforementioned development target, organic agriculture is defined as agriculture that follows the principles of cyclic and sustainable use of natural resources, not allowing the use of synthetic chemical substances, and stressing the management system of land and water resource conservation and ecological balance to produce natural and safe agricultural products. To prove the authenticity of the organic agricultural products and ensure the quality of the organic agricultural products, the difference can only be distinguished by the certification sys-

tem and the certification mark, which prevents non-organic agricultural products from being sold as organic products. The "conscientious enterprise" of organic agriculture emphasizes that the producer is the own idea of value.

Taiwan has the production models of the small-farmer intensive style. The producers distribute in a scattered pattern and need significant manpower and resources for the certification of organic agricultural products. Recently, under the proposition of the administrative reform actively promoting privatization, the agricultural committee issued an administrative order in 1999 to entrust the certification of organic products to non-governmental organizations. In addition to regular and irregular spot checks of the organic products on the market, the Agricultural Committee strictly supervises the non-governmental certifying organizations. It has dual control on the organizations by brand competition and replacement mechanism on the market since the certification marks of each organization are different. If the certification system questions the quality of public products, it will impact organic agriculture. Improving the domestic organic inspection level first requires the improvement of the quality of organic products of our area and the credibility of the certification system, followed by the improvement of the performance under the entire certification system and certification mark system.

According to case above, we propose several success factors as follows:



#### Customer relationship management.

Customer relationship management is defined as the use of information systems to help organizations appreciate and manage their relationships with customers, handle complete and correct integration, and maintain and expand the relationship between the company and its customers. Determining how a customer-oriented company can be maintained when handling activities as it conducts sales between the buyers and sellers to generate customers is vital, and successful companies must strive to establish long-term relationships with customers. Furthermore, the global market is a diverse and competitive arena, and enterprises must be changed from “product-oriented” to “customer-oriented,” meaning that the focus is placed on the needs of customers. Enterprises must then provide suitable products to meet customers’ needs and enhance customer loyalty, so that customers can create more value for the enterprises. John Egan(2011): Noted consumer spending doubled during this time and much of this increase was attributed to the power and influence of marketing. Dennis B. Arnett (2013) indicated that management relationships with customers are often challenging because firms engage in many different types of translations, and their customers vary as to their wants and needs.

A CRM system is a collection of information about a customer's characteristics, trading conditions, marketing effects, and responses to market research. Therefore, an effective CRM system explains the customer relationship in a detailed way, so that members

of the enterprises can understand and handle customers' needs by providing appropriate products. During this period, customer intention of purchase is observed to design new products in the future. This study has proposed "customer satisfaction," "customer loyalty," and "customer value" as the three facets of customer relationship management for discussion.

#### Customer satisfaction.

Kotler once said, "Most companies care about market share even more than about customer satisfaction. This is a mistake. Market share is of reverse logic, which is a review of past indicators." He further explained, "Companies must supervise and improve customer satisfaction because the higher the customer satisfaction, the higher the customer retention rate." In fact, the objective of corporate management is to improve performance. Improving performance is creating customers. Marketing and innovation are the two basic functions and it is also an indispensable driving force for creating value. Doing what is right in the first place is a proven way to reduce cost, improve competitiveness, and create customer satisfaction. Customer satisfaction is a direct factor in the central issue of corporate operations and marketing, since an enterprise’s mission is to create customer satisfaction. Therefore, if customers’ needs and buying trends can be understood, then tailor-made and customized products and services can be produced to satisfy the customers. Terry L. Esper (2009) demonstrated that the integration demand and supply processes help firms prioritize and ensure fulfillment based on the shared

generation, dissemination, interpretation, and application of real-time customer demands.

Bray (2000) stated, "In order to provide better service language and follow customer habits in an increasing world, companies should learn about and understand the habits of every customer." In addition to pleasing or inspiring all customers, those transient popular affairs are merely clever cloaks that encapsulate long-term effects, as complete marketing concepts must be able to effectively conduct promotion in order to realize basic and favorable conditions. Therefore, "customer satisfaction" is the key to modern management.

Kolter noted that since the searching costs and knowledge of customers are limited, they are increased to pursue the maximum value under the conditions of liquidity and income. Customers will evaluate whether those objects can offer the greatest perceived value and will take action (make the purchase) if the object lives up to their expectations, which will significantly affect satisfaction and willingness to buy again.

Customer loyalty.

Christopher Lovelock (2011) noted that loyalty is an old-fashioned word traditionally used to describe fidelity and enthusiastic devotion to a country, a cause, or an individual. Porter put forth that "a company can win with a relevant and sustainable competitive advantage." A competitive advantage is like holding two swords fighting against each other, while the competitor holds a pistol. However,

when most of the correlated advantages are not strong enough, superiority is hard to maintain, since some advantages are transient. Enterprises can apply various resources, such as excellent quality and service, plus low cost and low price, to describe competitive advantage to attract customers.

Christopher Lovelock (2011) noted that we emphasize the importance of carefully focusing on desirable, loyal customers within the chosen segments and then taking pains to build and maintain their loyalty through well-conceived relationship marketing strategies. The ability to stabilize customers shows their loyalty to the brand. Some customers do not arbitrarily convert brands because of inertia, carelessness, or long-term contractual relationships. When a company possesses a group of customers who do not easily convert brands, the company can then a high degree of brand loyalty.

From a customer's point of view, "What you own now or will own in the future is just value, which is created by the company." The success of an enterprise is achieved from acquisition, retention, and growth. You can hire an employee, arrange a meeting, or engage in any activity, but without a customer, there is no business. John Egan (2011): Revealed the realization of the important of the customer-focused approach in service marketing, over and above the market focus, was a major factor in further promoting the relationship marketing concept. The reason that companies build up customer-first business models is because customers have always supported their strategies and competitive advantages like products.

Furthermore, the advancements of digital technology, such as the Internet, as well as making frequent contact with consumers to meet their needs. Christopher Lovelock (2011) suggested that the objective was to build relationships and develop loyal customers who will do an increasing volume of business with the firm in the future. Customer satisfaction and customer loyalty are highly correlated with marginal profit. In fact, marginal benefit in economics indicates that the economy achieves the maximum economic profit with the lowest cost. Therefore, the establishment of customer loyalty involves achieving loyalty through customer satisfaction; in other words, the exploration of the gap between product performance and customer's prior expectations is based on the attribute level of the product. The customer's procurement model can help the company to understand customer behavior. Enterprises can then influence the long-term and actual behavior of customers' repeated purchases by observing customer behavior.

Customer value -- Wikipedia.

Customer value refers to the relative evaluation of customers' competitive position with regard to company performance in the industry, which has the following meanings:

Value in the heart: Customers will define the value from the core benefits obtained from the product or service; that is, the customer judges the value by themselves upon the product or service using their level of satisfaction, thus subjectively determining its value.

Price value: "Price" is used to determine the value obtained. Customers consider that they can pay a lower price but have bought the same product, thus obtaining higher value.

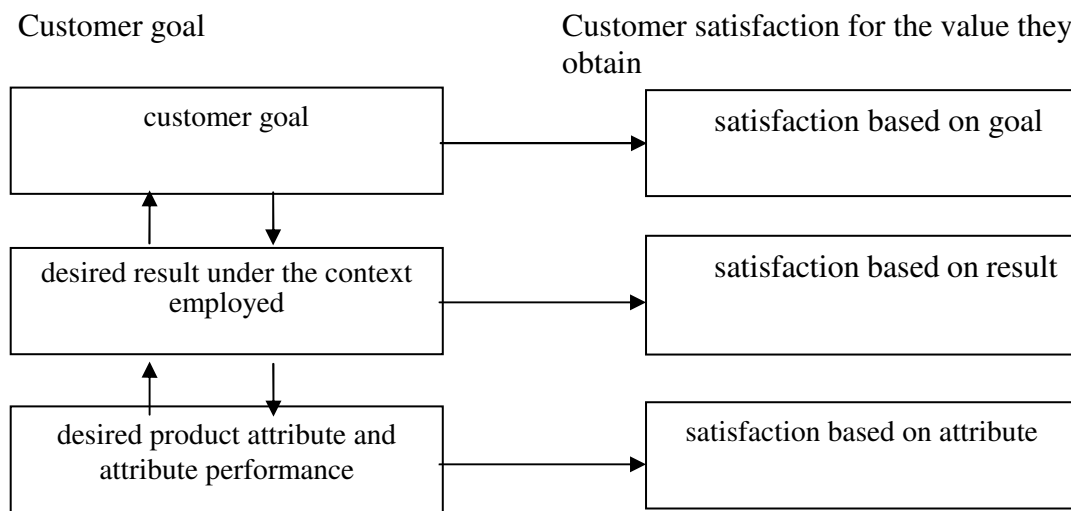
This model proposes that customers form the desired value as a way to the goal.

Christopher Lovelock (2011) reported what a loyal customer can mean to a firm - a consistent source of revenue over a period of many years. The active management of the customer base and customer loyalty is also referred to as customer asset management. Woodruff (1997) believed that a customer value hierarchy model is the answer to how customers understand the value that an enterprise can provide. When customers consider purchasing products, they examine the attributes and performance of the target product, as those factors will produce the actual expected effect. In customers' eyes, these results will cause them to formulate expectations about the target product's ability to achieve such an effect. After a customer uses the product according to his or her own standards, the results will completely and fully confirm the relative importance of the product's attributes and practical efficiency. This model actually emphasizes the customer value that is brought forth in the context of the used product. Thus, when the context in which the product utilization changes, the link between products attributes, results, and goals are thus changed. Christopher Lovelock (2011) illustrated on the cost side that not all types of services incur heavy communication expendi-

tures to attract a new customer. This hierarchical model proposes that when customers experience products at every level with regard to the expected value before use and substantive acceptance of value comparison after use, it leads to the customers' sense of satisfaction at a certain level. John Egan (2008) noted the total quality concept influencing the processing elements associated with the marketing concept.

Therefore, for the attributes and attribute performance of a product, customers will wonder whether they are satisfied with the result after use and achievement of the target intention. Enterprises can then provide products of competitive environment, which will become the common focus with theory and corporate units as they become regarded as a brand-new source of competitive advantage.

Figure 1. Woodruff's Customer Value Hierarchy Model



### Conclusion

The aforementioned development of enterprises corresponds to the knowledge creation theory proposed by Nonaka and Takeuchi, mainly because leaders use different situations to promote the infrastructure construction process of knowledge management. Of course, this should include displaying the intentions of an organization and the "autonomy" in order to facilitate knowledge creation and management for organization members. Leibowitz (1999) described knowledge management as the process of creating

value through the intangible resources of an organization, which is a comprehensive concept covering the fields of software engineering with artificial intelligence, re-engineering of business process, organization behavior, and information technology. Its primary functions are to create, maintain, integrate, and correct the internal and external knowledge of the communication organization. Therefore, enterprises can turn information into knowledge to guide and then implement decisions. Ravindranath Madhavan and Rajiv Grover (1998) published some propositions on how teams should be

created and managed to efficiently and effectively create knowledge by combining disparate bodies of knowledge. However, new product development teams are engaged in knowledge-producing activity, which implies that an understanding of team social processes should be complemented by a cognitive perspective.

Knowledge assets are enterprises' intangible assets that can provide the products and services needed by the market. Likewise, customer knowledge management helps enterprises to distinguish customer characteristics in order to create new products and lead directions so that accurate decisions are made for the overall corporate marketing strategy. John Egan (2011): Illustrated this matching marketing process sought to ensure that the marketing mixed internal policies of company were appropriate to the market forces operating within the company's competitive environment. As a result, it helps with an enterprise's products and services, as well as marketing and innovation, ultimately helping the enterprises to achieve greater profit.

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