THE EFFECTS OF CUSTOMER ORIENTATION AND TECHNOLOGICAL CAPABILITIES ON CUSTOMER RELATIONSHIP MANAGEMENT: THE MEDIATING EFFECT OF KNOWLEDGE MANAGEMENT

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ABSTRACT

Objective: The main of this study is to examine the mediation role of knowledge management (KM) with customer relationship management (CRM) for customer orientation (CO) and technological capabilities (TC) in Sri Lankan travel agencies.

Method: Through simple random sampling in this quantitative research, 350 questionnaires were disseminated to travel agencies. The gathered data was subsequently analyzed with SPSS for statistical evaluation and SPSS Amos for Structural Equation Modeling.

Results: Contrary to expectations, the results statistically uncover an absence of mediation between KM and CRM concerning CO and TC. This implies that, within the confines of Sri Lankan travel agencies, KM and CRM, albeit pivotal, don't act as direct mediators for CO or TC.

Research, Practical & Social implications: The study opens new avenues for research by challenging traditional beliefs in the sector, suggests that Sri Lankan travel industry executives prioritize direct customer and technological engagement over-relying on KM and CRM, and underscores the potential for improved public trust and resilience in Sri Lanka's post-COVID tourism landscape.

Originality/Value: This study uniquely analyzes the lack of mediation between KM with CRM for CO and TC in Sri Lankan travel agencies. Offering empirical evidence, strengthens our understanding of the complexities in the interactions between these factors, challenging previous assumptions.

Keywords: knowledge management, customer relationship management, technological capabilities, customer orientation, travel agencies, tourism, SECI model, IDIC model, online travel agency.

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OS EFEITOS DA ORIENTAÇÃO PARA O CLIENTE E DAS CAPACIDADES TECNOLÓGICAS NA GESTÃO DO RELACIONAMENTO COM O CLIENTE: O EFEITO MEDIADOR DA GESTÃO DO CONHECIMENTO

RESUMO

Objetivo: O principal deste estudo é examinar o papel de mediação da gestão do conhecimento (GC) com a gestão de relacionamento com o cliente (CRM) para orientação ao cliente (CO) e capacidades tecnológicas (TC) em agências de viagens do Sri Lanka.

Método: Através de amostragem aleatória simples nesta pesquisa quantitativa, foram divulgados 350 questionários para agências de viagens. Os dados recolhidos foram posteriormente analisados com SPSS para avaliação estatística e SPSS Amos para Modelagem de Equações Estruturais.

Resultados: Contrariamente às expectativas, os resultados revelam estaticisticamente uma ausência de mediação entre GC e CRM no que diz respeito ao CO e TC. Isto implica que, dentro dos limites das agências de viagens do Sri Lanka, a GC e o CRM, embora cruciais, não actuam como mediadores directos para CO ou TC.

Implicações de pesquisa, práticas e sociais: O estudo abre novos caminhos para pesquisa ao desafiar as crenças tradicionais do setor, sugere que os executivos da indústria de viagens do Sri Lanka priorizam o envolvimento direto do cliente e tecnológico, confiando demais na GC e no CRM, e ressalta o potencial para melhorar o público confiança e resiliência no cenário turístico pós-COVID do Sri Lanka.

Originalidade/Valor: Este estudo analisa exclusivamente a falta de mediação entre GC com CRM para CO e TC nas agências de viagens do Sri Lanka. Oferecer evidências empíricas fortalece nossa compreensão das complexidades nas interações entre esses fatores, desafiando suposições anteriores.

Palavras-chave: gestão do conhecimento, gestão do relacionamento com o cliente, capacidades tecnológicas, orientação ao cliente, agências de viagens, turismo, modelo SECI, modelo IDIC, agência de viagens online.

1 INTRODUCTION

During and after the COVID-19 pandemic, organizations were forced to rethink their methods of operation (Athambawa et al., 2023; Matikainen et al., 2023) and recognize the importance of customer relationship management (Al-Bashayreh et al., 2022). Maintaining customer relationships in a global context has become a critical issue (Deif, 2023) because customers determine their final service (Kharraz and Seçim, 2023). Businesses have faced uncertainty owing to lockdowns and restricted mobility. The impact of the COVID-19 pandemic has created uncertainty in the tourism industry by changing travelers’ attitudes (Dwivedi et al., 2023; Fonseka et al., 2021; Jayasekera et al., 2022; Kataya, 2021), affecting severely the global tourism industry, and causing an almost 50% reduction in the tourism contribution to global GDP (Statista, 2023; UNWTO,
2022; WTTC, 2022). Among major business industries, tourism is one of the industries that has endless possibilities; therefore, understanding the factors that influence customer-centric approaches is crucial for fostering sustainable growth and enhancing competitiveness in the Sri Lankan tourism sector (Anand et al., 2022; Kaluarachchige et al., 2021).

In managing knowledge during a pandemic, all business and service sectors have faced challenges and identified the importance of managing knowledge to ensure business continuity during disasters (Ammirato et al., 2020; Sharma et al., 2021; Zbuechea et al., 2023). Innovation dynamics are a critical competitive advantage in the tourism business environment, that requires new knowledge to create new services and products to effectively attract tourists, allowing businesses to maintain their competitive edge in the market (Labanauskaite et al., 2020; Majeed & Kadhum, 2022; Widodo, 2023). The tourism industry is centered around innovative products and services that can be created to meet customers’ emerging expectations based on knowledge (Anand et al., 2022; Elmo et al., 2020; Yeh et al., 2019). Travel agencies are mediators between travelers and travel service providers and are one of the major stakeholders in promoting tourism (Cheung and Lam, 2009; Hsu et al., 2020; Marin-Pantelescu et al., 2019).

Managing knowledge in the tourism industry is vital for creating innovative products and services (Tung et al., 2023; Law et al., 2021; ). Tacit knowledge is critical to innovating, which is difficult to capture and transform into explicit knowledge; in the tourism industry, it encompasses experiences, beliefs, cultures, values, perspectives, and so on (Kthiar & Al-Hindawy, 2022; Martínez-Martínez et al., 2022). Knowledge is intangible and the conversion of intangible knowledge assets into innovative products and services is required (Jayasekera et al., 2022). This tacit knowledge remains in employees, customers, and travelers who engage with travel agencies directly and indirectly (Marin-Pantelescu et al., 2019). Travel agencies need to manage their knowledge by capturing and sharing this valuable knowledge asset to craft innovative products and services to gain a competitive advantage (Koo et al., 2019; Mahboub et al., 2023; Silva et al., 2020) owing to rising diversified traveler requirements (Xie et al., 2020).

Customer Relationship Management (CRM) can be used to retain and build a loyal customer base, enhance revenue, and reduce marketing costs (Abdullaeva, 2020; Dudek et al., 2019). Maintaining an effective sustainable relationship with customers creates customers who will assist businesses in reaching new heights (Kharraz and Seçim, 2023).
It is necessary to manage customer relationships to acquire and experience customer aspirations regarding tourism destinations and their desires (Akasha et al., 2020; Kocoglu and Kalem, 2020). Various studies have used knowledge management (KM) to manage customer relationships (Migdadi, 2020). CRM is a combination of customers, processes, and technological capabilities (Lokesh et al., 2022). CRM can be used to change customer perceptions and enhance customer retention, even though the tourism industry is becoming a low-switching-barrier business because of the online presence of travel products and broad awareness across social media and other tourism knowledge bases (Cheung and Lam, 2009; Mokhtaruddin et al., 2018; Ngo et al., 2018). Developing and implementing efficient CRM strategies can assist in retaining customers, enhancing customer loyalty, and ultimately reducing detrimental effects on revenue.

Travel agencies are losing revenue as loyal customers are switching to online travel agencies (OTA) (Arslan, 2020). By the end of 2019, OTAs captured nearly US$ 750 billion in market share in the global tourism industry (Statista, 2023). Customer switching costs (barriers) are becoming weaker in the tourism industry because of OTAs, social media, and other online activities (Mokhtaruddin et al., 2018). CRM is vital for retaining customers, building a loyal customer base, increasing revenue, and decreasing marketing costs in an organization (Abdullaeva, 2020; Dudek et al., 2019). Customers who experience hospitality may become loyal (Chen and Lee, 2017). Previous studies have shown that knowledge management can enhance customer relationship management in organizations (Xing and Devasia, 2019).

Similar studies were carried out in various business sectors. Ngo et al. (2018), researched the hospitality tourism sector in Vietnam to examine the impact of knowledge management on CRM. Ghaedi et al. (2016) conducted a similar study in the banking sector and Garrido-Moreno and Padilla-Melendez (2011) studied Spanish hotels. Few studies have been conducted on the travel agency sector to determine the impact of knowledge management on customer relationship management.

Although KM, CRM, customer orientation, and technological capabilities are acknowledged as crucial elements for business success, knowledge regarding the potential mediating role of knowledge management in influencing the relationships among these factors in the context of travel agencies is lacking. This study aims to shed light on the factors that can improve the efficacy of CRM strategies and technological
capabilities, resulting in better customer orientation and overall business performance in Sri Lanka’s travel sector.

2 LITERATURE REVIEW

KM empowers organizations to manage customer relationships and innovation (Anand et al., 2023). The knowledge management process includes tacit or explicit information that can be managed to make it available when and where necessary (Martínez-Martínez et al., 2022). Knowledge is a valuable intangible asset that organizations should convert into tangible products and services through the process of continuous innovation, which can produce industry leaders by creating hard-to-imitate products and services that will enhance rivalry (Jayasekera et al., 2022; Nonaka, 1994). Nonaka and Takeuchi (1996) introduced the theoretical framework for the knowledge creation process consisting of four modes of Socialization, Externalization, Combination, and Internalization (SECI). This Spiral SECI model captures knowledge in tacit form and converts it into an explicit form by further developing and applying it as new knowledge that continuously creates new opportunities for organizations by reusing knowledge in the organizational environment (Farnese et al., 2019; Prompreing and Hu, 2018).

Polanyi (1966) stated that “we know more than what we can express” by defining two types of knowledge: explicit and tacit (Polanyi, 1965; Rao et al., 2023). Knowledge management is a globally accepted concept in both scientific and business research (Matikainen et al., 2023; Sirinaga et al., 2018). Tacit knowledge has become an important feature of knowledge management for capturing and sharing knowledge in a tacit form to create innovative products and services (Nonaka et al., 2006). In the 1990s, Japanese companies focused on building knowledge assets to compete in markets by creating innovative products and services (Nonaka, 1994). Nonaka and Takeuchi (1996) introduced the SECI model for KM as a four-step spiral process to convert tacit knowledge into explicit knowledge. The SECI spiral model and its four phases are used to interact with tacit and explicit knowledge and convert tacit knowledge into explicit knowledge to create new tacit knowledge (Nonaka and Konno, 1998; Rao et al., 2023). The first phase of socialization in the SECI model involves creating new knowledge by interacting with individual-level tacit knowledge exchanges in the same environment by sharing experiences, imitating, brainstorming, and so on (Mendoza et al., 2022; Nonaka and Konno, 1998; Nonaka and Takeuchi, 1996; Rao et al., 2023). This is the most
important phase and captures knowledge of physical proximity (Nonaka and Konno, 1998). This physical presence of employees and customers is vital in this process for tacit transfers between individuals to be disseminated in natural environments. The second phase of the externalization process creates new knowledge by articulating the tacit knowledge captured in the socialization phase (Rao et al., 2023). During the externalization phase, new knowledge emerges through dialogue between individuals and groups, creating metaphases, generating hypotheses, and so on (Nonaka and Takeuchi, 1996). As tacit knowledge is captured at different customer or employee levels, it remains a complex form that must be translated into a meaningful and explicit form to better understand other employees in the travel agency (Walsh et al., 2023). The third step of combination transforms the externalized knowledge into new, usable, explicit knowledge in a complex (Rao et al., 2023). In this explicit-to-explicit combination process, a prototype, narrative, or model is created by gathering and integrating explicit knowledge produced by externalization (Nonaka and Takeuchi, 1996; Sa et al., 2020). The new explicit complex form of knowledge is then transferred and disseminated into the organization to create usable explicit knowledge by further editing and processing. Internalization is the final process of this spiral model and embodies new explicit knowledge for practice. Implementation of this process in the organization will create new knowledge by transferring explicit knowledge into the tacit knowledge of individuals in the organization (Nonaka and Takeuchi, 1996; Rao et al., 2023).

In the tourism industry, tacit is a core competency and resides in tacit knowledge in employees, customers, and the specific business environment (Cooper, 2018; Rao et al., 2023). Tacit between customers and employees is an asset that must be shared to create trust between parties by motivating them to have a better relationship with the organization (Degbey and Pelto, 2021). In the present era, no business sector can neglect CRM in a competitive environment where the acquiring of new customers and retaining of existing loyal customers are directly connected with organizational profitability and competitive advantage (Al-Hazmi, 2021; Rastgar et al., 2019).

KM can enrich an organization’s economic rent; however, in terms of sustainable benefits, firms should maintain better relationships with customers (González-Ramos et al., 2023). KM has become a critical CRM strategy affecting business continuity in the tourism industry (Srivastava et al., 2019). CRM has become a typical practice in every business sector that needs to understand critical customers and their ability to fulfill
customer expectations beyond the service provided by rivals. Peppers and Rogers (2004) stated that CRM practices must be adopted to retain customers and that organizations must maintain a close, one-to-one relationship with customers. The IDIC model, also known as the Relationship Management Model, consists of four integrated processes. By creating one-to-one relationships, every business must strive to understand their customers deeply and recognize their importance in the long term to identify their needs and fulfill their requirements better than their rivals (Khashab et al., 2020). The identification process is the initial analysis process of the IDIC model that identifies a travel agency’s customers at an individual level. To understand customers, it is necessary to maintain individual relationships, even if dealing with a large customer base is difficult. Currently, technology facilitates interactions at the individual level (Sharmen, 2018; Wong, 2020). Through this process, travel agencies can identify each customer’s view of the company and their expectations. Identifying customers with a mutual relationship at the individual level would help identify returning customers (Pandey et al., 2022). The differentiation process analyzes the value that identified customers add to the organization and what they demand from the company. This will help firms design customer-oriented strategies that satisfy individual-level customer requirements (Khashab et al., 2020; Pandey et al., 2022). Differentiation processes also group customers based on their needs and values. In the third phase of interaction, where a better understanding of customers is gained, organizations should interact with each customer and avoid asking the same questions from the customer every time. Interaction does not imply a waste of customers’ valuable time; however, every interaction with customers should aim to understand their relationship with other suppliers or brands, their complex expectations, desires, and so on (Wong, 2020). The final phase of customization is the action process, where organizations must customize their products and services to meet their customers’ expectations based on their individual expectations and values. In this continuous learning process, the organization must adapt its strategies to meet the identified customer needs to build loyal customers (Khashab et al., 2020; Wong, 2020).

This section introduces a new model that aims to identify the factors affecting CRM in travel agencies in Sri Lanka. The model is based on customer orientation, technological capabilities, and knowledge management to mediate the success of customer relationship management. Figure 1 presents the conceptual model. This section further discusses the model and hypotheses.
Customer orientation is a business theme that maintains sustainable competitive advantage through better relationship engagement with customers (Park and Hur, 2023; Sa et al., 2020). CRM practices can significantly enhance customer satisfaction through customer orientation (Dah et al., 2023). Customer orientation involves a sales team identifying customer needs and focusing on meeting customer requirements (Jayawardena, 2017; Karim et al., 2023). Additionally, customer orientation begins with externally captured knowledge. It builds and fosters strength in organizational effectiveness (Sa et al., 2020) and can influence employees to focus on customers and their needs by understanding and establishing better relationships with them (Jayawardena, 2017).

Companies invest in technology to efficiently manage customer relationships before and after sales (Karim et al., 2023; Kebede and Tegegne, 2018) and to enhance knowledge capture (Ma et al., 2023). Raduța (2019) stated that technology can influence the activities of travel agencies and that the effective use of technology can strengthen organizations. Kaldeen (2019) argued in his study on knowledge management capabilities in the Sri Lankan tourism sector that empowering organizations with IT assets leads to digital integration with business processes and entities to restructure a better business process. Furthermore, by empowering organizations into IT-enabled ones, KM can produce more effective results (Atapattu, 2018).

KM is widely used to create innovative solutions for managing long-term customer relationships (Chi, 2021; Deszczyński, 2018; González-Ramos et al., 2023). It plays a major role in capturing and sharing knowledge between customers and employees through CRM and creates new knowledge required to create innovative solutions (Chi, 2021; Khashab et al., 2020). In the CRM process, as Peppers and Rogers (2004) highlight, KM can be used to identify customer orientation and share knowledge to understand customer values in the present and future (Al-Gasawneh et al., 2021). To meet customer orientation aspirations, KM can be associated with caring for customers on an individual basis to establish better long-term relationships, as suggested by the IDIC model (Khashab et al., 2020). KM can be used to provide customers with better information about products and services and acquire customer information to better understand them, allowing businesses to provide customized products and services that set them apart from their competitors (Chi, 2021; Khashab et al., 2020; Rastgar et al., 2019).

Based on the above discussion the following hypotheses are identified.
**H1**: Customer orientation influences KM of travel agencies in Sri Lanka

**H2**: Technological capabilities influence KM of travel agencies in Sri Lanka

**H3**: KM impacts CRM success of travel agencies in Sri Lanka.

**H4**: KM mediates customer orientation with CRM success of travel agencies in Sri Lanka.

**H5**: KM mediates technological capabilities with CRM success of travel agencies in Sri Lanka.

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**3 METHODOLOGY**

This quantitative study aims to investigate the mediating function of KM in the relationship between customer orientation, technological capabilities, and customer relationships in Sri Lankan travel agencies. Using a straightforward random sampling method, a representative sample of registered travel agencies in the Colombo district was chosen. This study used a structured questionnaire to gather information on CRM practices, knowledge management strategies, customer orientation, and technological capabilities. The questionnaire was pre-tested to ensure validity and clarity before data collection. Structural equation modeling (SEM), which enables the evaluation of complex relationships and the concurrent examination of numerous variables (Azam et al., 2021), was used to analyze the collected data. SEM makes it easier to assess the model fit, consider measurement errors, and conduct mediation analyses (Zainudin, 2016).

For the analysis, a structural model was developed to examine both direct and indirect effects, focusing on the mediating function of KM, and a measurement model was developed to examine relationships between latent constructs and observed indicators.

Customer orientation refers to the extent to which an organization prioritizes and concentrates on the needs and preferences of its customers. An organization’s ability to
effectively manage customer relationships through technology is referred to as technological capability. These variables are viewed as separate elements that could impact CRM.

The dependent variable, CRM, evaluates how well an organization manages and maintains customer relationships in general. This reflects the results of technological advancements and customer-focused initiatives.

KM is presented as a mediating variable, which means that it functions as a bridge between the dependent variable (CRM) and the independent variables (customer orientation and technological capabilities). Knowledge management is believed to facilitate the relationships among customer orientation, technological capabilities, and CRM, which may strengthen or weaken the effects of the independent variables on the dependent variable.

The instruments used in the structured questionnaire were developed in accordance with those used in previous studies pertaining to the above-mentioned variables. A total of 350 questionnaires were distributed to travel agencies in the Colombo district of Sri Lanka and responded to by the owners or senior managers of each travel agency. A total of 203 samples were suitable for data analysis.

4 RESULTS
4.1 DESCRIPTIVE ANALYSIS

The key findings on respondent demographics and the efficiency of travel agencies during the pandemic are presented in Table 1. The data reveals a small gender gap (65.8% men and 34.2% women). Of the participants, 60% are between the ages of 18 and 40 years, representing a range of career stages.

In terms of operational efficiency, 31% of agencies encountered significant disruptions, completing less than 20% of their operations, whereas 25% were able to operate at or above 60% capacity, demonstrating adaptability.

Most agencies (77.7%) were in operation for more than five years and showed readiness for pandemic difficulties. The majority of agencies employed fewer than 25 people, while 27% represented larger operations.

These results contribute to a thorough analysis of the respondents’ data and deepen our understanding of the study by offering insights into gender distribution, age composition, operational outcomes, business experience, and employee size.
Table 1. Descriptive statistics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Range</th>
<th>Respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>69</td>
<td>34.2</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>133</td>
<td>65.8</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 - 30 years</td>
<td>29</td>
<td>14.4</td>
<td></td>
</tr>
<tr>
<td>31- 40 years</td>
<td>91</td>
<td>45.0</td>
<td></td>
</tr>
<tr>
<td>41- 50 years</td>
<td>62</td>
<td>30.7</td>
<td></td>
</tr>
<tr>
<td>51- 60 years</td>
<td>19</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>Above 60 years</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Operation During COVID</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 20%</td>
<td>63</td>
<td>31.2</td>
<td></td>
</tr>
<tr>
<td>20% - 40%</td>
<td>51</td>
<td>25.2</td>
<td></td>
</tr>
<tr>
<td>41% - 60%</td>
<td>37</td>
<td>18.3</td>
<td></td>
</tr>
<tr>
<td>61 - 80%</td>
<td>41</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>Above 80%</td>
<td>10</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Length of Operation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 years and below</td>
<td>45</td>
<td>22.3</td>
<td></td>
</tr>
<tr>
<td>06 - 10 years</td>
<td>56</td>
<td>27.7</td>
<td></td>
</tr>
<tr>
<td>11 - 15 years</td>
<td>96</td>
<td>47.5</td>
<td></td>
</tr>
<tr>
<td>16 -20 years</td>
<td>4</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Above 20 years</td>
<td>1</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>No of Employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 10</td>
<td>30</td>
<td>14.9</td>
<td></td>
</tr>
<tr>
<td>10-25</td>
<td>116</td>
<td>57.4</td>
<td></td>
</tr>
<tr>
<td>26 - 50</td>
<td>41</td>
<td>20.3</td>
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<tr>
<td>51 - 75</td>
<td>11</td>
<td>5.4</td>
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</tr>
<tr>
<td>Above 75</td>
<td>4</td>
<td>2.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors

4.2 DATA VALIDITY AND RELIABILITY

Sample adequacy was measured using the Kaiser-Meyer-Olkin value (0.791), indicating good sampling adequacy (Hair et al., 2015). The four components were explained by a total cumulative variance (TCV) of 60.304% using principal component analysis as the extraction method and a TCV in the acceptable range, as shown in Table 2. (Hair et al., 2016, 2015)

Table 2. Explanation of Total Variance

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total % of Variance</td>
<td>Cumulative % of Variance</td>
<td>Total % of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.525</td>
<td>30.169</td>
<td>30.169</td>
</tr>
<tr>
<td>2</td>
<td>1.778</td>
<td>11.854</td>
<td>42.023</td>
</tr>
<tr>
<td>3</td>
<td>1.556</td>
<td>10.377</td>
<td>52.400</td>
</tr>
<tr>
<td>4</td>
<td>1.186</td>
<td>7.905</td>
<td>60.304</td>
</tr>
</tbody>
</table>

Source: Authors

As shown in Table 3, 15 items were loaded into four components, and the iteration of the process was conducted by eliminating the cross-loading and non-loading items. All four constructs obtained Cronbach’s alpha values above 0.7, indicating good and acceptable constructs (Azam et al., 2021; Hair et al., 2016).
As shown in Table 4, all four constructs obtained a 0.7 higher Alpha value and a 0.60 composite reliability above the threshold value for measuring internal consistency. Even though the average variance extracts of customer orientation (CO), technological capabilities (TC), and KM were below 0.5 when the alpha value was more than 0.7, and CR was more than 0.6, AVE was accepted and convergent validity was adequate (Fornell and Larcker, 1981; Lam, 2012).

### Table 4. Reliability of Measurement Model

<table>
<thead>
<tr>
<th>Construct</th>
<th>No of Items</th>
<th>Alpha</th>
<th>CR</th>
<th>AVE</th>
<th>Normed Chi-Square</th>
<th>CFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>04</td>
<td>0.794</td>
<td>0.794</td>
<td>0.491</td>
<td>1.292</td>
<td>0.996</td>
<td>0.038</td>
</tr>
<tr>
<td>Technological Capabilities</td>
<td>04</td>
<td>0.712</td>
<td>0.708</td>
<td>0.451</td>
<td>2.227</td>
<td>0.957</td>
<td>0.078</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>04</td>
<td>0.711</td>
<td>0.728</td>
<td>0.403</td>
<td>1.665</td>
<td>0.985</td>
<td>0.058</td>
</tr>
<tr>
<td>Customer Relationship Management</td>
<td>03</td>
<td>0.744</td>
<td>0.775</td>
<td>0.570</td>
<td>1.397</td>
<td>0.995</td>
<td>0.044</td>
</tr>
</tbody>
</table>

Source: Authors

4.3 SEM ANALYSIS

The fitness measurements of the SEM model were within non-rejected limits, as shown in Figure 2. The standard beta values of the predictor’s variables of CO and TC are 0.64 (actual 0.66) and 0.29 (actual 0.28), both predictor variables explain 33% of the R-squared value. The variance of knowledge management (actual 0.22) explains 46% of the CRM success.

The relationship of the conceptual model is represented by three hypotheses: H1 has a highly significant p-value, whereas H2 and H3 have reached significant p-values, as shown in Table 5 and Figure 3. The exogenous variables of CO and technological capabilities have a highly significant influence on KM, whereas KM has a significant impact on customer relationship success.

Figure 3 Impact of KM on CRM Success in Travel Agencies in Sri Lanka

**H1: β = 0.663**

**H2: β = 0.279**

**H3: β = 0.219**

Significant at: T Value 1.960
P Value <0.05

Table 5. Estimates of the Structural Model

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Direct</td>
<td>KM &lt;-&gt; CO</td>
<td>0.663</td>
<td>0.122</td>
<td>5.448***</td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>Direct</td>
<td>KM &lt;-&gt; TC</td>
<td>0.279</td>
<td>0.088</td>
<td>3.1660.002</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>Direct</td>
<td>CRM &lt;-&gt; KM</td>
<td>0.219</td>
<td>0.085</td>
<td>2.5860.01</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indirect</td>
<td>KM &lt;-&gt; CO</td>
<td>0.752</td>
<td>0.13</td>
<td>5.797***</td>
<td></td>
</tr>
<tr>
<td>H4</td>
<td>Direct</td>
<td>CRM &lt;-&gt; KM</td>
<td>-0.059</td>
<td>0.121</td>
<td>-0.4870.626</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indirect</td>
<td>KM &lt;-&gt; TC</td>
<td>0.462</td>
<td>0.088</td>
<td>5.223***</td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>Direct</td>
<td>CRM &lt;-&gt; KM</td>
<td>0.067</td>
<td>0.087</td>
<td>0.7710.441</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>CRM &lt;-&gt; TC</td>
<td>0.169</td>
<td>0.079</td>
<td>2.130.033</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors
4.4 MEDIATION ANALYSIS

Mediating analysis was tested using an independent variable’s impact on the result measured when a third variable designated as the mediator was also present (Azam et al., 2021; Sidhu et al., 2021; Woody, 2011; Zainudin, 2016). Whether the mediating variable was a mediator in the truest sense was determined by the indirect, direct, and total effects of these three variables (Azam et al., 2021; Sidhu et al., 2021). As shown in Figure 4, CO and TC were the two independent variables, and KM is the mediator variable in the first instance. It acts as the dependent variable, and the second equation acts as the independent variable (Zainudin, 2016). There are three possible mediation effects: full, partial, and none (Sidhu et al., 2021; Zainudin, 2016).

According to Table 5, the path between KM → and CRM does not achieve a significant p-value, although CO → KM and CO → CRM have significant p-values. H4 does not satisfy the statistically significant p-value for H4; therefore, KM does not mediate customer orientation with CRM. H5 was not supported, and KM did not mediate TC with CRM because the path between KM → CRM did not achieve a significant p-value, although TC → KM and TC → CRM obtained significant p-values.

The conceptual model was created by combining the theories of the SECI (Nonaka and Takeuchi, 1996) and IDIC models (Peppers and Rogers, 2004). Hypotheses H1 and H2 were used to measure the factors influencing KM, whereas H3 was used to measure the impact of KM on CRM. H4 and H5 were tested to determine how KM mediates TC and CO with CRM.

As shown in Table 6, H1, H2, and H3 are supported by achieving a significant p-value, therefore, CO and TC influence KM, whereas KM has an impact on CRM. However, the findings revealed that H4 and H5 were not supported; accordingly, KM did not mediate CRM for TC and CO. Accordingly, KM affected CRM in a previous study (Migdadi, 2020) in which CRM was a mediating variable and KM was an exogenous variable. The studies by Chi (2021) and Al-Gasawneh et al. (2021) indicated CO, TC, and
KM as exogenous variables in CRM studies, excluding KM as a mediating variable. Few studies have examined the mediating role of knowledge management in CRM between TC and CO.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Statement</th>
<th>Beta Value</th>
<th>P-Value</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Customer Orientation influences the Knowledge Management of Travel Agencies in Sri Lanka</td>
<td>0.663</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Management of Travel Agencies in Sri Lanka</td>
<td>0.279</td>
<td>0.002</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Knowledge Management Impacts on Customer Relationship Management Success of Travel Agencies in Sri Lanka</td>
<td>0.219</td>
<td>0.010</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>Knowledge Management Mediates Customer Orientation with Customer Relationship Management Success of Travel Agencies in Sri Lanka</td>
<td>CO → KM 0.000</td>
<td>KM→CRM 0.626</td>
<td>No Mediation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>Knowledge Management Mediates Technological Capabilities with Customer Relationship Management Success of Travel Agencies in Sri Lanka</td>
<td>TC → KM 0.000</td>
<td>KM→CRM 0.441</td>
<td>No Mediation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors

4.5 MOST INFLUENCING FACTOR AFFECTING KM

In the model, CO influences KM, with a beta value of 0.663 and TC with a beta value of 0.279. In the regression weights, CO shows a highly significant p-value, whereas TC show a significant value. For KM, both predictor variables collectively accounted for 33% (R2=0.328) of the variance. In similar studies (Sa et al. 2020; Xie et al. 2020; Fidel et al. 2018), customer orientation has been identified as an influential factor in customer knowledge management and the knowledge creation process. In this study, CO had the highest beta value of 0.663, indicating that an increment of one unit of CO impacts KM by 0.663 units (Azam et al., 2021; Zainudin, 2016). Accordingly, CO is the most influential factor in KM.

4.6 IMPACT OF KM ON CRM

KM accounted for 40% (R² = 0.462) of the variation in CRM, indicating a significant p-value for the relationship between KM and CRM. Previous studies by Migdadi (2020) and Soltani et al. (2018) found that KM affects CRM. The results of this study demonstrate the impact of KM on CRM.
4.7 THE MEDIATING EFFECT OF KM

This study found that KM was not mediated by CRM for CO and TC. Thus, CO and TC exhibited a significant regression correlation only for direct relationships. However, previous studies have found a partial mediation of the knowledge-creation process for TC and CO with firm performance (Sa et al., 2020).

The findings offer crucial new perspectives on why CO and TC in Sri Lankan travel agencies are not directly mediated by KM for CRM Success. Improvements in KM alone do not directly result in improved CO or TC through CRM in the context of the surveyed travel agencies, according to the statistically supported lack of mediation.

5 DISCUSSION

The findings refute earlier theories and imply that Sri Lankan travel firms should consider factors other than KM, TC, and CO to enhance CRM. The lack of mediation suggests that, despite their importance, KM strategies are not the only factors influencing the desired outcomes.

This lack of mediation may have been caused by several factors. First, it is probable that these travel agencies did not successfully apply or use KM methods to affect CO and TC. Despite having KM tools in place, there may still be obstacles preventing knowledge from being properly applied in businesses.

Further, the knowledge that is already accessible to improve CO and TC may not be adequately captured or utilized by CRM systems. The emphasis on data collection and maintenance through CRM may downplay the value of actively employing knowledge to guide decisions, personalize services, and spur innovation.

The context-specific aspects of the Sri Lankan travel industry are also important. The interaction among KM, CRM, and the desired outcomes may be influenced by cultural factors, market dynamics, and resource limitations specific to the nation’s travel agencies. The results of this study show that managers of travel agencies in Sri Lanka must develop comprehensive strategies to improve CO and TC.

Furthermore, the lack of mediation suggests that there may be additional as-yet-unidentified factors affecting CO and TC in travel agencies. Alternative mediators or moderators that might help explain the connection between knowledge management, CRM, and the desired results could be the subject of future research.
The lack of KM with CRM mediation for CO and TC in Sri Lankan travel agencies has substantial theoretical implications that have been demonstrated statistically. This observation calls into question the presumptions of the current theory that KM and CRM are directly related to driving CO and TC. This emphasizes the necessity to consider other mechanisms and elements that affect these results in the context of travel agencies. To develop a more thorough theoretical understanding of CO and TC in the travel agency industry, further investigation of specific contextual factors, organizational dynamics, and the interactions between KM, CRM, and other variables is required.

Travel agency managers should be aware that concentrating only on KM and CRM may be insufficient to produce the intended results. A more comprehensive strategy that considers additional elements including market analysis, consumer input, technology adoption, and organizational learning is required. Managers should actively seek opportunities for innovation and customization, promote a culture of information sharing and cooperation, and use CRM systems as tools to harness existing knowledge. Travel agencies can increase their client focus and technological skills by adopting a broader viewpoint, which boosts their performance and competitiveness in the market.

This study demands a more comprehensive strategy that considers the social aspects of customer preferences, cultural dynamics, social ties, and technological improvements. Recognizing the significance of these social factors would help travel companies better match their tactics with the demands and expectations of their clients, boosting their general satisfaction and fostering Sri Lanka’s booming and client-focused travel industry.

6 CONCLUSIONS

According to the findings, knowledge management does not effectively mediate the relationship between CO and TC. This suggests that Sri Lankan travel agencies have trouble implementing KM techniques to improve their focus on customers and technological CRM capabilities. These findings emphasize the importance of addressing knowledge management practices in Sri Lankan travel agencies. These organizations must focus on enhancing their knowledge management practices if they hope to increase CO and TC. This could entail implementing measures to promote a culture of knowledge sharing, adopting appropriate KM systems, and providing staff members the support and training they need to use and leverage knowledge resources effectively.
Overall, this study highlights the importance of Sri Lankan travel agencies in prioritizing and funding KM practices to enhance their overall performance in terms of CRM and to maintain market competitiveness.
REFERENCES


Wong, K. E. (2020). A Study on Relationship Between Customer Relationship Management (CRM) and Customer Satisfaction on Taobao Website in Johor Bahru. *Journal of Arts & Social Sciences*, 3(2).


