What are Success Factors of Knowledge Management and their Impact on the Performance of officers of Banks in Pakistan

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Abstract
For any structural established entity knowledge is the greatest asset upon which an organizational absolutely relies in terms of its operational existence and its prospective progression. It enables the today’s industry leaders to identify the potential areas of success as well as adversities at the same time. Implementation of knowledge management theories upon real time organizational scenarios results the provision of possible utilizable perspectives of a business or operation, parallel information management of projects, supportive organizational structures and most importantly identifies the prospect knowledge management direction. Conclusively organizations in terms of knowledge are the well springs of flowing information. With being that all said we can assume how critical it is to maintain the information flow in an organization in all the right directions to ascertain the destined functioning of any subjected established entity. To accomplish that, it is the embodiment of the designated individuals positioned in diverse levels of organizational hierarchy that are responsible and do assure of the efficient knowledge management in the organization.

In general, it is the workforce competitiveness, advance technological deployments and other organizational strategic implementations that do enable the thriving of an efficacious system. But, in the foreground it is the thoughtful and effectual utilization of the knowledge in an organization that do lead to such decisions making process. The new millennium has to face challenges of expanding trades in diverse situations, which craft a predicament in maintaining the variety of errands in the study of innovative management. Though, organizations particularly are concerned about the innovation in order to gain a competitive edge. Study in hand predominantly address the knowledge management strategies and its processes to further designate the routes of innovation. The repercussion of knowledge management has a significant effect on banking industry. The upshots of the study revealed that the processes of knowledge management add in boosting of innovative behavior in the employees of banking industry.

1.0 Background theory
The etiology of the term knowledge management which has a history of two and half decade back in 1990s, refers to organize the information and knowledge of an organization holistically, though it seems imprecise in its true meaning. Comparatively better description of the term was offered by Davenport which is reckoned as widely accepted definition:

"Knowledge management is the process of capturing, distributing, and effectively using knowledge."

Nonetheless, the stark and simplicity of the definition has not been challenged till date. However, recently Gartner Group have crafted another version of KM, and that definition is considered the most preferred for contemporary researchers:

"Knowledge management is a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise's information assets. These assets
may include databases, documents, policies, procedures, and previously un-captured expertise and experience in individual workers."

Knowledge Management (KM) traditionally deals the management of sharing knowledge of and in organization, so, both the definitions comprehend a very corporate kind of orientation. Knowledge Management system has largely recognized as the fastest growing icon in corporate sector. As we live in the epoch of information economy, so the most approachable avenue is the mode of distributing and sharing of knowledge and information.

Though, KM has gained mounting popularity in most of the businesses and firms that their managers holistically rely on dissemination of knowledge management practices in order to gain the competitive edge and to maintain the innovation on part of their organization. Thus, the competitiveness leads the organizations towards the emergent fastest growing smart business strategies of knowledge management all-encompassing every sphere of organizations.

Organizations thrive for dispensing and crafting knowledge Management across their firms and businesses, therefore it becomes an inevitable phenomenon to study the impact of KM on the performance of the workforce. Knowledge Management encompass many components for example sharing and utilization of knowledge, storing and unifying the stuff in a more precise and meaningful way, while the strategies of KM deal with systemization and personalization. Contemporary societies are reckoned as knowledge societies, so the knowledge is now becoming competitive edge for most of the businesses. Therefore, knowledge Management has become the core of every flourishing business because of its necessity.

Extant study deals with the banking Officers, who are also called knowledge practitioners. Therefore, these knowledge practitioners convert the new knowledge from tacit to explicit knowledge and disseminate it from top to front line managers. Moreover, they create novelty and augment the existing knowledge in to a best utility. Though, there is a scarcity of research on this specific agenda which delineate the role of middle management or knowledge practitioners with regard to knowledge Management and innovation. Researchers like narrated that the role of leadership can be justified in dissemination of knowledge management for the support of top management in order to accomplish the happenings relating the KM. Leadership is reckoned as an important critical success factor in the acquisition of KM and also in the process of implementing the strategies of KM.

Many researchers are in a view that role of HRM is key factor in order to contrive the organizational success. Therefore, HR practices play a significant role in augmenting the organizational knowledge. Whereas, most researchers found a significant relationship between KM and innovation. Similarly, many studies identified the relation of critical success factors of knowledge sharing and innovation.

1.1 Critical success factors of knowledge management
Researchers have identified innumerable factors which contribute in the process of finding knowledge management. Various researchers have acknowledged twelve factors which could delineate the process of knowledge management. They are mentioned as:

1. Human resource Management
2. Training and education
3. Rewarding and Motivation
4. Performance Measurement
5. Removal of resource constraints
6. Information technology
7. Benchmarking
8. Management leadership and support
9. Organizational culture
10. Knowledge management strategy
11. Processes and activities
12. Organizational infrastructure

Extant study has taken the banking officials as the population and only three above factors i.e. Management leadership and support, Information technology and Culture has been taken in consideration.

1.1.1 Leadership

Researchers have consensus on the opinion that leadership is reckoned as the main predecessor of knowledge management and it conjectures the efficacy of the firms. Leaders are the only entities who can transmit knowledge more effectively and smoothly. According to various studies leaders play key role in sharing knowledge, motivating people and bridging the gap by crafting better communication channels. Therefore, this notion nullifies the primitive verdict of researchers that only one leader could manage the knowledge. Here the need arises to have a series of leaders who collectively strive to disseminate the KM by maintaining their individuality within their specific domain. Thereby, the goal attainment process robotically become inevitable along with the discerned kind of KM leaders. Anyhow, organizations and employees are not only thrived for outlying promotions and perks but frequently rely on KM leaders. Undoubtedly, eminence of leadership is acknowledged by every sphere of field. Leaders are reckoned as the savior of employees who always aid them towards the attainment of specific and distinct goals. Consequently, employees get their tasks done effectively only if their leaders are well equipped with KM.

1.1.2 Culture

Culture refers to the basic beliefs, norms, values and attitude of the group of people in order to perform their circadian chores. The name of Hofstede is eminent with respect to the elaboration of culture. He stated that organizations culture ultimately professes the status and values of employees’ performance, reasoning behind this notion detailed that the distinct role of organizations denotes the dispositions, values and beliefs of the people.

De Long and Fahey (2000) elaborated that culture characterizes in imparting knowledge construction in innumerable ways. Culture deals with social interaction, trust and elasticity which builds up the platform for the people to carry out their roles and guises. Though, every distinct culture signifies the specificity of its people and same is been epitomized the culture of organizations. Similarly, organizations culture transforms by the passage of time, competitive environ coerce the organizations to maintain an equilibrium between the external threats and internal strengths. Organizations culture is the platform where people graft together, adjoin in teams, labor collectively and perceive themselves the best fit entities. Gupta and Gummer further mentioned that culture represents the creativities of the people and knowledge management contribute in terms of inculcating the closeness and insightfulness in their employees. According to Wallach there are three kinds of organizational culture i.e. supportive culture, innovative culture and bureaucratic culture. Among these innovative and supportive culture are reckoned the preeminent because of their pliability in terms of people’s sustenance.

1.1.3 Information Technology (System)

Information technology is the way to achieve a well administered approach towards the knowledge management. As compare to past, in the present days IT advances are making it easier to acquire, store and spread knowledge. Success of Knowledge management process is based on the proper utilization of information technology. A very significant role in knowledge management is played by knowledge management system as without it, it is very hard to have a value-added Knowledge Management. Knowledge Management Systems (KMS) are used in the creation as well as its storage and sharing among the people.

A sustainable competitive advantage can surely be achieved through management of knowledge so this fact has led many firms to adopt KMSs which are source knowledge sharing as
well as integration of knowledge. Codification and personalization are two main ingredients provided by it to support KM. Explicit knowledge is stored in codes in data bases and other people can use the same knowledge to save resources, which is possible through IT. Tactic knowledge is shared personally but with the help of IT people can be searched and then knowledge is shared such as video conferencing etc.

1.2 KNOWLEDGE MANAGEMENT PROCESS

According to researchers (8) many steps involve in the process of knowledge Management for example:

- Acquisition
- Dedicated resources
- Adjustment
- Blending
- Knowledge network

1.3 SCOPE OF THE STUDY

The significant of the study is that to investigate the impact of knowledge management practices on performance.

1.4 PROBLEM STATEMENT

Banking is reckoned as business of knowledge and information, not merely a transaction of money, rather they project their knack in terms of influencing knowledge. Nonetheless, bankers have a pressure from financial markets, which continuously coercing them to disseminate new knowledge and innovation in their banking operations. Voluminous number of experts are in view that knowledge management and innovation has the identical standings as compare to other industries keeping in view of dynamic transforms and changes in global economy.

Most prominent and recurrent axiom in banking sector “all our stakeholders are important” whereas we endow upon preference towards our clients. The reasoning behind this phenomenon is the myth that only those clients considered satisfied and thrilled who are prioritized in terms of the prevalence of their services. These goals could only achieve if the employees are well equipped with the innovation and knowledge management. Therefore, innumerable banks are indulged in investing their human capital in designing and executing knowledge management and innovation training centers in order to train their employee’s. Though still many are in their infancy. The research in hand categorically focus the banking employees who are well equipped in knowledge management and innovation

2.0 Research methodology
2.1 Research Aim

Considering the banking sector as the subjected center of our concurrent study there goes a common aphorism in the designated industry that “All our stakeholders are vital, but it’s the clients of ours that are on priority”. It has been so because stakeholders is definitely a critical aspect to establishing any mentionable structural entity, but it’s the clients and their respective growth that ensures the stability of the organization and the credibility in the industry. Moreover, for stakeholders who opt to affiliated with an organization, the retaining of them is bound upon terms and goals of rather longer terms in contrast to short term ones where immediacy is too much demanding. This immediacy is often attributed to the individualistic or the grouped entities referred as the clients. It is so because clients are associated with the subjected industry on basis of the services they get to avail offered by the regarding organization, in return to the investments they have made. Unavailability of these services or the lack of quality do upscale the chances of the regarding client to turn away or leave the organization, because of the earlier mentioned factor of immediacy, and opting out of a previous affiliation is rather easy too because in the industry of akin
services the competitors are already there who are in constant effort to take the lead or swipe away other’s/ competitors client’s base by providing edge over its potential industrial rivals.

Considering the prior mentions in regard to a client’s criticality to an organization in retrospection it becomes a known fact that the services that are being delivered to the clients are primarily dependent upon the efficient and precise flow or the information. This efficiency in regard to the knowledge based upon the cumulative information pieces is attainable if and only if the employed individuals in the organization are absolutely aware of:

- The knowledge of the services their organizations is offering as a provision to the clients.
- The knowledge of the services the relative industry competitors are willing to offer.

Both of the above mentions are possible through the manipulation of the knowledge management systems. The deeper the degree of knowledge exploration the higher the relational complexity developed the clearer and definitive results an organization get to attain to serve its customers efficiently and effectively, thus resultanty keeping the client satisfied and retained in the organization.

Same are the applications and associated consequences of the knowledge management in the banking sector of the commerce industry, upon which our concurrent study is solely grounded. Considering the repercussions of ineffective knowledge management in the banking sector in particular over the past decades has raised one too many alarms, to make other contributors of the regarding industry to take seriously the matter at hand. Given to which, small yet significant proportion of banks can be identified being equipped with the effective deployment of the “Knowledge Management Centers” (KMCs). Yet most of the contributors towards the banking sector are unable to realize the full potential of KMC’s parallel deployment in their currently systems under operation. Thus, revoking the competitive advantage over the parallel rival contributors.

Conclusive to the facts and assumptions around the situation the hypothetical grounds need to be developed and subsequently tested with great precision. Relative to which the concurrent research accesses the situation in more of a direct fashion, and because of which the focus of the study is aligned with the factors around which we can access the affectivity of knowledge management in terms of the performance spike depicted by the surveyed bank in either a positive manner or as an adversity.

2.2 Scope & Design

In regard to the research design, since no particular demographic location was not set as a preference, but only the banks operating within the national premises regardless of their affiliation or operating capacity, so “Convenience Sampling” technique was opted to survey the regarding sector. The opted survey method is of the non-probability type of sampling procedure, allowing its sampled units to be considered statistically without replacement in the later analysis. Also convenience sampling in terms of reaching the targeted population is more of an approach with east, thus enabling higher accessibility and higher rate of response return.

For this study as a primary approach the main web accessed database of State Bank of Pakistan was opted to consider the complete listing of all the banks operating under the national affiliations. Later, their respective contact information was retrieved from their dedicated official websites.

Followed to which all the banks were visited personally for survey purposes and collected the primary data from. To access the situation as complete the questionnaire was based upon the items that were both a mix of open ended questions and close ended ones. For the questionnaires to get easily understood and answered the item translation was quite simplified and the answer provisions for most part were based upon “5-Point Likert Scale”. The scale itself had options ranged from 1 to 5. Relative to which 1 did refer to Highly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree.
Since the study design was projected to analyze the considered variables on individualistic basis on all the hierarchical levels of the organization so to accomplish it both the managerial leadership and rest of employed workforce was taken under consideration.

An aggregate of 290 questionnaires were disseminated among the participants of the study, in response to which 220 respondents did reverted along with the riposte to questioned information. This attributed the concurrent study with a response rate of 75.86%. Scrutinizing further the 220 responses, a total of 215 were considered fit for statistical evaluations. Since 2.27% of the retrieved information was rejected on basis of missing response or redundant data.

Furthermore, for descriptive and hypothetical evaluations IBM’s Statistical Package for the Social Sciences (SPSS. Version 20) was put to utilization. This enhanced the information manipulation through descriptive categorization, correlational evaluations, regression analysis. Thus, enhancing the acceptability of the observed trends in the organizational capacity through statistical evidences.

2.3 Survey Instrumentation

The proposed questionnaire did comprehend the demographical inclusions like age, gender, marital standing, level of education, designation, experience in the banking sector and experience laden inclinations towards the knowledge management practices. The considerations in regard to the knowledge management practices that were further used in the analysis did include leadership, information technology (IT) and culture.

The mentioned variables were opted as an optimal consideration for the study with being based upon the fact that various studies did referred to analysis of these variables as in isolated capacity or grouped one, while considering many other commerce and industrial sectors. Thus highlighting the impact of these variables among many others which do contribute towards the organizational knowledge management. So the proposed model’s depiction and its respective hypothetical statements are as follow:

![Figure 1. Hypothetical Model](image)

H1: Leadership, Information Technology System deployment and the Culture are the significant contributors putting a directly proportionate effect upon the “Knowledge Management” of an organization.

3.0 Results & discussion

The data that is being considered was overall attained from both the banks operating in the public sector and private sector with a respective defined split of 80% and 20%. Akin to which the respondents overall were also a relative divide of 80% and 20% as individuals at managerial designations and rest at non-managerial ones. Initiating the discussion upon the demographical consideration we first have the respondent’s gender divide with a statistical depiction of 88.5% as male participants and 11.5% female ones. Progressing to age categorization 57.7% of the respondents
were evaluated as respondents that were aged between the defined interval of 20-30 years. Followed to which 42.5% were categorized as aged above 30 years. In regard to marital standing 42% of the subjected participants responded as being engaged into marital life while 58% individuals did respond in quiet the contrast. In terms of experience for most part the individuals were committed to their respective organizations for a ranged tome period of 2-5 years with a distinct proportion of 46%.

Table 1: Relationship b/w Leadership, Information Technology (IT) & Culture

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>.662**</td>
</tr>
<tr>
<td>Culture</td>
<td>.634**</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>.675(**)</td>
</tr>
</tbody>
</table>

Considerably significant relationship was found being existent between all the three independent considerations of the study i.e. leadership, organizational culture and the deployment of information technology. This suggests that all the variable do highly put altering effect upon one another in a directly proportionate manner.

Table 2: Relationship b/w Leadership and Demographic Var. Org. Leadership

<table>
<thead>
<tr>
<th></th>
<th>T</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>2.143</td>
<td>0.038</td>
</tr>
<tr>
<td>Female</td>
<td>-0.947</td>
<td>0.032</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30 Yrs.</td>
<td>-0.729</td>
<td>0.045</td>
</tr>
<tr>
<td>30+ Yrs.</td>
<td>-3.514</td>
<td>0.001</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>0.146</td>
<td>0.084</td>
</tr>
<tr>
<td>Single</td>
<td>-3.514</td>
<td>0.001</td>
</tr>
<tr>
<td>Education Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate</td>
<td>-0.729</td>
<td>0.045</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>1.637</td>
<td>0.010</td>
</tr>
<tr>
<td>Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>-3.514</td>
<td>0.001</td>
</tr>
<tr>
<td>Private</td>
<td>1.637</td>
<td>0.010</td>
</tr>
<tr>
<td>Professional Designation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>-0.729</td>
<td>0.045</td>
</tr>
<tr>
<td>Non-Manager</td>
<td>1.637</td>
<td>0.010</td>
</tr>
</tbody>
</table>

To put the demographical variables in relative aspect to the mutable consideration of the leadership, independent t-tests were put to utilization. For the suggested criterion a cutoff limit for the confidence interval was set at 0.05. Thus, conclusive to the results the mentioned factors with inclusions like gender, age, educational level, sector of employment was evaluated as within the premises of fitness. Thus, it has been suggested that there lies a signified difference between evaluated mean leadership score of male and female participants, and same is for the public in contrast to private sector of employment and graduates in contrast to the post graduate individuals while considering variation within the age groups. While for the factor of marital status the evaluated indicator was justified as insignificantly related, as being statistically attributed with fitness value above than the cutoff limit.
Similar to the isolated evaluation of leadership in terms of the demographical attributions now we move towards the result manipulation of independent t-tests run upon the culture in terms of the same demographical factors. Akin to the previous evaluations the marital status do only violate the cutoff limit of the confidence interval thus suggesting that either it be the married people or the unmarried ones they rate the culture upon the same pattern.
While in contrast the cultural scoring does vary a lot in terms of the divides occurring between rest of the demographical attributes.

For the last consideration of the independent variable in relation to the designated demographical attributions, the very same statistical cutoff limit was set for confidence interval at 0.05; as a common standard. Pattern in the result didn’t make any deviation within the occurring pattern as marital status was lined outside the cutoff limit thus justifying the no significant difference observed in the mean score of male and female participants of the study; in terms of IT deployment within the organization. In relative contrast to which, yet again for rest of demographical factors, all the factors do lie within the cutoff range thus justifying the significance of the difference observed between the associated mean scores.
4.0 Conclusion

The foundation of this study was to develop an insightful analysis of the success factors of knowledge management. Though, innumerable banks are indulged in investing their human capital in designing and executing knowledge management and innovation training centers in order to train their employee’s. The research in hand categorically focus the banking employees who are well equipped in knowledge management and innovation. It has been observed that leaders in banks play a pivotal role in establishing knowledge flow within the organization. Another prominent source of knowledge is culture which represents that employees share their attitude and behavior for the achievement of common goals. Another factor which contribute the banks in Pakistan are well functioning technology system that could support effective knowledge management. There are some limitations of the study. Firstly, the focus of study is only to explore the presence or absence of factors of Knowledge Management and not to see effects of these on organization performance. Secondly the target of study is only banking sector and all other sectors remain unexplored and also limited resource availability bounds the sample collection to few geographic areas. So, if these limitations are removed then more reliable conclusions can be drawn. Further these factors reveal the better adjustment of banking officials in a more innovative manner. Banking sector can utilize the upshots of the extant study in order to cultivate the novel considerations in to practice and implement the knowledge oriented environment.

5.0 References


