

Knowledge Management and Organizational Performance - Employee Perception: A Research on Commercial Banks in Rangamati

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Abstract

Competitions are escalating day by day forcing businesses to use knowledge management to increase organizational effectiveness. To collect primary data, the study used a survey approach with a questionnaire. The study's target populations were the staff members of a few particular banks in Rangamati, Bangladesh. Using the multiple regressions approach, two hypotheses were created and evaluated. The study's results show that knowledge management has a positive effect on organizational performance. According to the study, knowledge management significantly affects organizational performance.

In the study, a substantial positive relationship between knowledge management drivers and knowledge management performance was found. It is advised that banks and other companies use knowledge management to successfully accomplish corporate goals and make sure that staff members are well-trained and developed to acquire the necessary information to successfully handle modern issues.

Keywords: Knowledge management, organizational performance, organizational effectiveness.

Introduction

Rangamati is the Bangladesh biggest district by area situated in the Southeast. Nearly 800000 people live there in total, with native Bengalis making up 52% of the population and non-native Bengalis making up 48%. In Rangamati, there are over 13 commercial banks in operation. The banking industry is currently quite cut-throat. No one can survive in this industry without creative information and ideas. Knowledge management is positioned by land, labor and capital in the twenty-first century. Knowledge Management (KM) is required in these knowledge-based economies to increase organizational effectiveness. Everyone is aware that information is power. It may be claimed that knowledge management is essential to power as a result.

A structured, institutionally defined process for acquiring, organizing, keeping, deploying, exchanging and reinvigorating both explicit and implicit staff knowledge is known as knowledge management (KM). Knowledge is to produce value and enhance corporate performance. Knowledge gives you the ability to react to novel situations.

Most companies are aware that information is a source of long-term competitive advantage, a key component of the knowledge-based economy and has a significant influence on the company. Employee happiness is produced via knowledge management and this leads to strong performance inside the company. It is important to determine whether knowledge management is an issue and whether it is being practiced in the Rangamati region in order to improve performance.

Objectives of the study

The following aims are the specific goals of this research:

- The goal is to see if there is a correlation between knowledge management and organizational performance.
- To ascertain the extent to which knowledge acquisition affects the performance of commercial banks.
- To find out problems related to knowledge management on commercial banks in Rangamati.
- To suggest policy recommendations.

Review of Literature

Knowledge management is the act of assembling and dispersing an organization's collective expertise in order to ensure that the appropriate information reaches the appropriate individuals at the appropriate time^{1,2}. Knowledge management, especially when successfully implemented, provides a business a competitive edge and improves organizational performance through educating employees³. Knowledge management is used into current company processes to help improve and broaden the innovation process⁴. The implementation of management practices and technology to unite communities and knowledge in a shared environment that will support the production, use and knowledge retention, might be referred as sustainable knowledge management⁵. It is possible to think of knowledge processes as a structured partnership for effectively managing knowledge⁶.

Actions including generation, exchange, keeping and application are frequent components of knowledge processes^{7,31}. The infrastructure provided by facilitators enables an organization's knowledge processes to function more effectively⁸. Knowledge management adoption requires an understanding of and development of the infrastructural elements required to support the acquisition, administration and interchange of explicit and tacit organizational knowledge⁹. Person, system and innovation

must all work together for knowledge management implementation to be effective¹⁰.

The ability to manage knowledge by gathering it alone from an internal or external source, adapting it into a new strategy or concept, applying it and securing it is known as knowledge management^{5,11}. A lot of client data may be acquired by integrating knowledge management into operational processes, enabling the service sector to improve service quality and respond to customer demands more promptly¹².

It is crucial to evaluate the relationship between knowledge management proficiency and organizational performances because the results may help businesses better grasp the consequences of knowledge management^{13,33}. The relationship between information management proficiency and non-financial achievement is also the subject of few studies.¹⁴

Organizational performance

Organizational performance gauges a company's ability to maintain its market position and satisfy stakeholder expectations¹⁵. It is sometimes referred to as the direct result of, or the actions taken by organization members to assess how successfully the group has accomplished its

objectives¹⁶. Prior until now, evaluating organizational success was mostly done using financial performance metrics. The most often used financial metrics include return on assets (ROA), return on equity (ROE), return on investments (ROI), r, market share, revenue growth and cash flow. Despite the fact that most firms continue to focus on these metrics as their primary performance measures, these metrics are no longer adequate to evaluate the talents that contemporary enterprises require¹⁷.

Managers are in charge of knowledge workers who need to be rapid learners because new knowledge is produced every day. The knowledge worker must take the initiative, display leadership qualities, be capable of making decisions and accept accountability for their own contributions to the business.

The Knowledge Management and Organizational Effectiveness

The capacity of managers to facilitate the creation, creation, storage, diffusion, enhancement and application of knowledge for individuals and organizations is known as knowledge management. There are several frameworks for knowledge management processes that have been developed.

Table 1
Shift in paradigm between ages

20th century	21st century
Industrial Age	Information/Knowledge Age
Increase in performance = do things right	Increase in effectiveness = do the right things right
Management of	
· things (manufacturing plants)	
· industrial workers (mainly manually working)	
Performance was measured by	Management of
· quantity	· people – knowledge workers
· quality	
· cost	
	Effectivity is measured by
	· results

In this study, the three operations that have attracted the most agreement are production, sharing and using. Knowledge generation is the process through which an organization absorbs information from external sources and generates knowledge internally. The practice of imparting knowledge from one person to another, from individuals to teams, or from one group to another is known as knowledge sharing, sometimes known as knowledge transmission or diffusion. A system that focuses on using knowledge is known as knowledge utilization, often referred to as knowledge application or information deployment.

Organizational effectiveness is the extent to which groups of people or a group of organizations succeed in achieving their goals. The organizational effectiveness measurements were employed in this study. These metrics include organizational members' assessments of the organization's overall performance, market share, profitability, growth rate and innovativeness in comparison to key competitors. The management of knowledge has an impact on how well an organization operates. "What the organization learns, explains the performance of the organization." According to certain empirical study, knowledge management and organizational effectiveness have a significant link. For instance, it has been demonstrated that creating and sharing knowledge boosts productivity and creativity.

Knowledge integration may improve the effectiveness of production planning, the reduction of requirements, the elimination of warranties and the effectiveness of software design. A key and essential element in guaranteeing organizational lifespan and competitiveness is portrayed as knowledge management. KM is defined as a framework for developing an organization's strategy, structures and processes so that it may learn and create a community by utilizing what it currently knows while also generating social and economic sustainable competitive advantages. Businesses must have a good capacity to retain, develop, organize and exploit the abilities of their employees if they want to stay ahead of the competition. In order to understand the successes and failures of KM inside businesses, it is important to identify the skills that support organizations' understanding, generation, translation and transfer of knowledge.

Effective information management and transmission foster more creativity and improved operations in organizations¹⁸. Successful business people today understand the value of managing knowledge, create plans to do so and commit time and resources to these efforts. This is due to the fact that knowledge management has been recognized as an important resource for an organization's long-term profitability²⁰ and as a factor in determining organizational performance^{19,21}.

For businesses to fully appreciate the value of knowledge, efficient knowledge management and exploitation are essential. The acquisition of KM has received more focus

and importance in literature and practice in recent years as a result of changes in the external environment including industrialization of competition, maturing learning and knowledge, dynamics of both product and process innovations and competitive environment through marketing and distributing²¹. In a knowledge-based economy, KM is increasingly regarded as crucial to company success and performance²².

Managers and executives in both the commercial and public sectors must consider knowledge management (KM) as a need for greater productivity and flexibility since it is an essential and necessary component for businesses to thrive and preserve competitiveness²³.

Earlier, it was thought that KM was just another management fad and trend that executives were eager to incorporate into their boardroom jargon in order to impress their peer group and that it would eventually go away²⁴.

KM is viewed as a process and several activities are set up to carry out crucial parts of an organization's KM strategy and operations. For instance, an organization must first find and collect knowledge before organizing it in order to bring information within the confines of the organization. The members of the organization communicate and share knowledge using both manual and automated methods. In recent years of this transfer, group members might apply new knowledge to their responsibilities and work activities. Examples include employing KM systems or developing the business concept for an organization's KM programs.

An vital and integral component of KM is knowledge production and growth²⁵. Any organization's capacity to generate information is essential to its survival. Everyday life involves the generation of knowledge whether it is at work or in social situations. There are many different ways to acquire knowledge including humanistic (such as through formal education or conversing with people who share your interests) and technical approaches.

Technology can assist in the manufacturing process, but it cannot add more employees because it is primarily a human activity. Organizations make use of their ability to innovate, create new knowledge and produce value. Information like this helps develop novel methods, enhances internal procedures and checks, or supports an organization's strategic decision-making capabilities and goals. Every business that wants to remain competitive in its industry needs to be able to create knowledge and offer a competitive edge^{26,27}.

In light of the fact that intellectual assets, rather than physical assets, are quickly gaining competitive advantages, businesses that do not implement efficient KM strategies will encounter difficulties. An employee's knowledge, expertise, contacts, relationships and insights leave the company with him if no efforts are done to discover, gather

and share it inside the company. So, how can we ensure that an employee's knowledge is preserved after their departure? This brings us to the sharing of knowledge. Knowledge sharing has been identified as a core KM action²⁷. To be put to use when it is created and so provide value to the company, knowledge must be shared with peers, coworkers and other professionals. Sharing and transferring information is essential to knowledge management (KM), given the fact that firms experience knowledge loss as a result of personnel turnover.

In addition to retirement, critical knowledge loss results through work moves, mobility and other flexible schedule options. As a result, it is everyone's responsibility to create and disseminate information by adopting the mentality that "knowledge is part of self," in which case disseminating knowledge becomes a deeply personal affair demanding significant dedication.

Additionally, increasing operational effectiveness, increasing the amount and quality of innovations and raising productivity are all ways that knowledge management ultimately aims to increase profit for any firm. But unless the acquired information is appropriately used inside the company, this anticipated benefit cannot be achieved. Consequently, employees at all levels of the organization must work together to use the knowledge available at different phases of their work such as decision-making. The underlying connection between a KM program's business aims and its actual visible outcomes is an organization's ability to apply its knowledge to crucial business processes. Knowledge professionals, who are typically organized in work groups inside a corporation, are compelled to actively participate in knowledge recycling²⁸.

The development of KM coincided with the emergence of the world's knowledge-based economy, in which the emphasis has shifted away from traditional forms of production like money, land and labor and towards knowledge. The nature of the work has changed significantly as a result of the transition from an industrial base economy centered on commercial goods to a knowledge-based economy focused on utility and expertise^{29,30}. Effective knowledge management, according to some academics³⁰, is a crucial element for firms seeking to sustain long-term highest return on investment.

KM initiatives help businesses share important organizational insights, lessen duplication of effort, avoid reinventing the wheel, cut down on employee training time, maintain intellectual capital as people depart a company and adjust to shifting market and environmental conditions³¹. Therefore, KM firms must implement KM systems successfully if they want to remain competitive. This entails establishing a connection between the company's archived "core competences" and the decisions made by employees inside the organization in light of the evidence at hand. This is where organizational innovation, intellectual creativity

and new ideas come into play. Every employee in every type of business has to be proficient in knowledge management (KM) which is made up of many different components that come together to form a strong knowledge management strategy.

A business must create systems for acquiring and sharing internal information and best practices before starting to design a KM strategy³¹. The fundamental tenet of KM strategy is that today's and tomorrow's "guiding principles" won't be the same as yesterday's "success elements." Companies need KM strategies in many more ways since what worked in the past may or may not work in the future. As a result, the firm's business activities must incorporate learning and making an effort to understand methods. In order to remain in line with the continuously shifting requirements of the business environment, firms must continually assess the effectiveness of their internal business processes.

Controlling the environment in which information is communicated is part of knowledge management which goes beyond simply managing knowledge or knowledge sources.

Research Hypotheses

H1: There is a meaningful connection between organizational performance and knowledge management.

H2: Knowledge management has a big impact on how well a company does.

Method of investigation

Finding the link between knowledge management and the performance of commercial banks in CHT, particularly in the Rangamati region, is the study's main goal. The study is qualitative in nature. The random sampling method has been applied. While secondary data was acquired by reading bank journals, papers and periodicals, primary data was gathered utilizing a questionnaire. A standardized questionnaire with a five-point Likert scale was used to gather the data. Some statistical studies have been done to examine the study's hypotheses. A questionnaire was used to gather primary data and the journals, reports and magazines of the banks were also used to gather secondary data.

Data analysis

Table 2
Gender

Frequency		Percent
Male	95	95.0
Female	5	5.0
Total	100	100.0

Source: Field Study, 2019

According to table 2, 95% of responders were men. Less than 5% are female. It shows that the majorities of the

participants are men and have jobs outside.

Table 3
Age

Frequency y		Percent
25-35	78	78.0
36-45	22	22.0
Total	100	100.0

Source: Field Study, 2019

According to table 3, 78% of respondents are between the ages of 25 and 35, while 22% are between the ages of 36 and 45. It shows that the majority of the participants in the survey are relatively youthful and middle-aged.

Discussion

A progression from simple linear regression is multiple regression. It is a method for forecasting the value of a variable based on the values of two or more additional variables. The variable that has to be anticipated is the dependent one (or sometimes, the outcome, target or criterion variable). The independent variables used to forecast the value of the dependent variable were input (or sometimes, the predictor, explanatory or regression variables).

Table 4 displays the outcomes of the multiple regression analysis used in this inquiry. The relationship between the dependent variable and the independent variables is displayed in the table. Table 4 provides a summary of the findings of the dependent variable on the independent variables using the regression model's R-square, F ratio, beta

coefficient and t-statistics.

Table 4 shows that the model, with an R-square of 0.564, is capable of explaining 56.64 percent of the variability in knowledge management in the sample of the banking industry under investigation. According to the modified R-square, fluctuations in the independent variables account for 56 percent of the variance in the dependent variable in the model that was utilized. According to the F value of 126.88, which is significant at the 0.000 levels, the model strongly described the changes in knowledge management efficiency. All of these numbers suggest that fluctuations in the entire collection of independent variables can account for a sizable portion of the variation in knowledge management efficiency.

Potential implications

Scholars and practitioners alike will benefit from this study, especially those working in the management and marketing fields. The researchers believe that by identifying the most advantageous knowledge management skill that can improve firms' performance, the study's findings will be helpful.

Conclusion

Although knowledge management is a relatively new idea in Bangladesh, its implementation has already begun. Although knowledge management is a new term in the banking industry, it has historically been used to refer to compensation systems, information sharing from top to bottom and sharing of knowledge with employees. Thus, knowledge management has a significant impact on how well commercial banks function.

Table 4
Model Summary (KM)

Model	R	\bar{R} Square	$A = \pi r^2$ Square	Std. Error of the Estimate	Durbin-Watson
	0.751 ^a	0.564	0.560	0.42829	2.063
ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	23.274	1	23.274	126.88	0.000 ^b
Residual	17.976	98	.183		
Total	41.250	99			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.043	.476		-2.190	.031
Knowledge Management	1.241	.110	0.751	11.264	0.000**
*P < 0.05, two tailed, **P < 0.01, two tailed					
Cranach's Alpha = 0.903				No. of item= 22	

According to the research, KM and organization are closely related. Knowledge management and performance have an impact on organizational performance. Businesses today view knowledge management as a crucial tool in the creation of their industry strategy due to the growing significance of knowledge.

Recommendations

1. In order to successfully apply knowledge management in the banking industry, top management must recognize the value of knowledge by improving internal procedures, client services and products as well as by fostering a healthy work environment.
2. Businesses should assume that companies do use knowledge identification if they want to stay competitive. To ensure the identification of pertinent knowledge that would improve performance, a strong framework should be put in place.
3. Organizations should remember that knowledge acquisition involves more than just gaining new information; it also entails planning and actively managing knowledge acquisition activities to access a variety of information sources.

Limitations and research directions for the future

The current study includes some limitations that lead to new avenues for future investigation, apart from its contribution to the body of knowledge. In order to get started, our study selected a convenient sample from a select few banks in the Rangamati area. Future studies could find it simpler to generalize their results if they used a larger sample size generated by a random selection approach. Second, the findings of this study do not apply to other poor countries because it was conducted in Bangladesh, more especially in the Rangamati area. If the current study could be replicated in other developing nations and the results are made public, then the study would be encouraging.

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