

## Impact of Knowledge Management on Organizational Performance in Higher Educational Institutions

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**Abstract:** Knowledge management is a process by which individual knowledge is transformed into organizational knowledge. It is an important activity in all types of organizations more specifically in academic institutions. The present study aims to investigate the relationship between different constructs of KM – IT centred KM, Learning based KM, Capture based KM and organizational performance. The study is conducted among 101 faculty members with the help of a questionnaire designed for the purpose. The results revealed that Learning based KM is relatively high when compared to other constructs of KM in academic institutions and Capture based KM is a better predictor of organizational performance when compared to IT centred KM and Learning based KM.

**Keywords:** Knowledge Management, IT Centred KM, Learning Based KM, Capture Based KM, Organizational Performance..

### INTRODUCTION:

Today's economy is referred as knowledge-based economy. In the light of rapid developments that led to the emergence of a new economy, knowledge has become a vital resource and asset. It is widely accepted that knowledge is the key factor to individual as well as organization to succeed in the increasingly competitive environment [1]. KM is a process that transforms individual knowledge into organizational knowledge. It is not only sufficient to create knowledge, but also to acquire and apply knowledge quickly. Knowledge sharing is an important activity especially in academic institutions. KM is widely accepted as a management paradigm in order to deal with the varying expectations of the organization [2]. The rapid changes have affected educational sector just like any other sector. This stimulated Higher Educational Institutions and universities to think the same way like business organizations and their ability to compete depends largely on how the academic institutions change and improve in tune with the changing requirements.

Modern world is popularly referred as the information age and knowledge is the vital resource in this era. The problem today does not lie in obtaining information, it lies in managing it; the most important challenge for organizations is how to process knowledge and to make it profitable in the recent knowledge-driven organization [3]. Due to this reason,

organizations are considering KM as a significant driving factor in today's dynamic environment [4, 5, 6].

### CONCEPTUAL FRAMEWORK:

Rastogi [7] defined knowledge management as "a systematic and integrative process of coordinating organization-wide activities of acquiring, creating, storing, sharing, diffusing, developing, and deploying knowledge by individuals and groups in pursuit of major organizational goals."

**IT centered KM:** It emphasizes providing basic IT infrastructure such as intranet, databases, email and instant messaging.

**Capture based KM:** It focuses on codifying organizational knowledge for storage in repositories and on protecting organizational knowledge from leakages and misappropriation.

**Learning based KM:** It emphasizes on organizational learning that occurs through a two-way interaction between individuals, groups and organization.

**Organizational performance:** Organizational performance depends upon processes such as innovation, employee engagement, leadership, etc. that ensure long-term success and survival of a firm.

**RESEARCH PROBLEM:**

Even though Knowledge management concept's importance is widely accepted, little empirical research has been conducted to investigate the relationship between KM and performance [8, 6]. KM's role in education is considered to be more than its role in business [3]. But not many research studies are conducted on KM processes and their impact on academic performance in the field of higher education [9].

**LITERATURE REVIEW:**

KM is a process that helps in achieving objectives and enhancing organizational performance through creating, accumulating, organising and utilising knowledge. Kidwell, Vander Linde and Johnson [10] identified benefits of KM in higher-education environment in research process, curriculum development process, student and alumni services, administrative services and business strategic planning.

Quink [11] explored the impact of knowledge management on the organizational performance of non-profit organizations. The findings revealed that there is a positive relationship between knowledge management infrastructure, knowledge management process, and organizational performance. Another research study revealed that there is a great correlation between knowledge management capabilities and organizational performance [12]. The research conducted in Croatia suggested that KM positively affects organisational outcomes of company innovation, product improvement and employee improvement [13].

Mills and Smith [14] studied the impact of knowledge management resources on organizational performance. The results reported that some knowledge resources (structure & acquisition) were directly related to organizational performance, while others (technology & culture) were not directly related to organizational performance.

Suzana and Kasim [15] highlighted the significant role of Knowledge management practices in

improving the performance of organizations. The results showed that the levels of knowledge management practices were important criteria for determining and improving organizational performance. Results have shown that the KM processes namely: knowledge identification; knowledge acquisition; knowledge storage; knowledge sharing; and knowledge application had a significant effect on academic performance [16].

**OBJECTIVES OF THE STUDY:**

- To explore different components of knowledge management in academic institutions.
- To determine the relationship between different components of KM -IT centred KM, Capture based KM, Learning based KM and organizational performance.

**HYPOTHESES:**

1. There is no relationship between KM components - IT centred KM, Capture based KM, Learning based KM and organizational performance.
2. Organizational performance is independent of IT centred KM, Capture based KM and Learning based KM.

**METHODOLOGY:**

Faculty working in various Higher education institutions constitute the universe of the present study. The primary data is collected with the help of a questionnaire designed for the purpose. Questionnaires were distributed to 125 faculty members but 101 respondents returned the filled-in questionnaire. The questionnaire has two sections – first section deals with demographic details of the respondents and the second section addresses questions relating to KM constructs – IT centred KM, Capture based KM, Learning based KM and organizational performance. The data is analyzed using various statistical tools such as Mean, Standard deviation, Correlation and Regression.

**RESULTS AND DISCUSSION:**

**Table 1: Mean scores of components of KM and organizational performance on a scale of 1 -5**

Components	Mean	Standard Deviation
IT centred KM	3.596	0.274
Capture based KM	3.834	0.331
Learning based KM	3.944	0.189
Organizational performance	3.940	0.551

It is evident from table 1 that knowledge management in educational institutions as perceived by the respondents is more through learning based KM followed by Capture based KM as reflected by high

mean score. Organizational performance as perceived by the respondents is also pretty high indicated by 3.94 mean score on a scale of 1-5.

**Table 2: Correlation between components of KM and Organization performance**

Components & Type of Statistic		IT centred km	Capture based KM	Learning based km	Organization performance
IT centred km	Pearson correlation	1	0.107	0.107	-0.105
	Sig. (2-tailed)		0.286	0.285	0.297
Capture based km	Pearson correlation	0.107	1	0.439**	0.289**
	Sig. (2-tailed)	0.286		0.000	0.003
Learning based km	Pearson correlation	0.107	0.439**	1	0.212*
	Sig. (2-tailed)	0.285	0.000		0.033
Organizational Organization	Pearson correlation	-0.105	0.289**	0.212*	1
	Sig. (2-tailed)	0.297	0.003	0.033	

\*\*Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

N (Sample Number) =101

Table 2 reveals that there is positive correlation between Capture based KM & organizational performance, Learning based KM & organizational performance which is statistically significant. This shows that if Capture based KM and Learning based KM are high in the institution, the

organizational performance also will be high. If the organization emphasizes capturing employees' knowledge in documents and facilitates knowledge exchange between individuals and groups in the organization, the organizational performance improves.

**Table 3: Model summary**

R	R Square	Adjusted R Square	SE of the Estimate	Change Statistics				
				R Square change	F Change	Df1	Df2	Sig. F Change
0.336 <sup>a</sup>	0.113	0.086	0.527	0.113	4.119	3	97	0.009

<sup>a</sup> Predictors: (Constant), Learning based km, IT centred km, Capture based km

**Table 4**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.432	3	1.144	4.119	0.009 <sup>a</sup>
Residual	26.944	97	0.278		
Total	30.376	100			

a. Predictors: (Constant), Learning based km, IT centred km, Capture based km

b. Dependent Variable: Organizational performance

**Table 5: Comparison between IT centred km, Capture based km & Learning based km**

Component	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	SE	Beta			Tolerance	VIF
Constant	2.030	1.245	--	1.630	0.106	--	--
IT centred km	-0.291	0.194	-0.145	-1.499	0.137	0.984	1.016
Capture based km	0.421	0.178	0.253	2.374	0.020	0.804	1.244
Learning based km	0.339	0.310	0.116	1.092	0.278	0.804	1.244

Dependent Variable: Organizational performance

Table 5 shows that Capture based KM is a better predictor of organizational performance when compared to IT centred KM and Learning based KM. This implies that organizational performance significantly depends upon Capture based KM

#### CONCLUSION:

Knowledge sharing is vital to the success of knowledge management practices in all organizations, inclusive of universities. Effective knowledge sharing is essential for the organization to benefit from the knowledge its employees have generated. In managing

the valuable knowledge asset, organizations always seek help from technology to build sophisticated database to capture and store knowledge. This study investigated the role of knowledge management in enhancing the organizational performance and addressed its relationship with performance improvement. The results revealed that there is positive correlation between Capture based KM, Learning based KM and organizational performance.

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