The Knowledge Management Processes and Its Role in Improving Organizational Effectiveness: A Field Study Jordanian Commercial Banks

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Abstract

Knowledge Management Processes (KMP) is the most prominent of the management areas that are directly linked to the development of the human element in the areas of globalization. This study seek to develop conceptual propositions relating use of the KM processes to improved organizational effectiveness in either the public or private sectors if employee perceptions of an organization's cumulatively motivate employees to believe the benefits to knowledge exchange behaviors. The evaluation of (KM) performance has become increasingly important since it provides the reference for directing the organizations to enhance their effectiveness. Finally KM models that attach basic importance to knowledge and information and address the process of converting information and knowledge into organizational wisdom are selected as instruments for the assessment of empowerment and sustained development of human resources Jordanian commercial banks. This paper aims at developing and a conceptual model of the relationships between the knowledge management processes and its role in improving organizational effectiveness at Jordanian commercial banks.

Keywords: Knowledge Management, Processes and Organizational Effectiveness.

Introduction

The era of knowledge management, in which most organizations possess knowledge that enables them to improve their performance. Furthermore, the organization improves organizational capabilities to enhance internal performance and external competitiveness is a critical issue. To understand KM and organizational effectiveness must understand knowledge, KM processes and goals and knowledge management processes (KMP). While the concepts of knowledge management (KM) have been strongly emphasized in existing literature, only a limited number of studies have explored the resource-based view (RBV) of KM. [1-3].

Successful knowledge management processes are believed to have the potential of enhancing an organization's competitive advantage, customer focus, employee relations and development, innovation, [4]. Gold et al. [5] inspect empirically the issues of effective knowledge management from the perspective of organizational capabilities. They found that knowledge infrastructural capability and knowledge process capability are the drivers of organizational effectiveness. Knowledge management and organizational performance are essential of the success in business. The different results in literatures that declare KM affects organizational performance positively. In Darroch [6] research, the results support some KM process positively affects performance. She claims that knowledge acquisition doesn't positively affect performance directly, and knowledge dissemination doesn't positively affect performance, either.

In the twenty first century setting with all its uncertainty and dynamism, many organizations are competing in a complex and challenging environment which is being transformed by many factors ranging from globalization, technological development and increasingly rapid dissemination of technology, to the growth and use of knowledge, as such, the foundation of organizational competitiveness has shifted from an emphasis on physical and tangible resources to knowledge [7] and managing knowledge-based resources has become the key for sustaining competitive advantage and superior performance [8,9].
According to the Resource-Based View (RBV), firms gain and sustain competitive advantage by deploying valuable resources [8, 10]. Undoubtedly, resources accumulation is crucial in influencing business success. However, the straightforward application of the RBV in predicting firm success is too simplistic. In knowledge economy, KM is an important element as well as land, labor, and entrepreneurship. Knowledge management capabilities (i.e., knowledge acquisition, knowledge conversion, and knowledge application) are rooted in the operation of a firm and are derived from configurations of organizational structure and culture [8, 11]. More recently, Chang and Chuang [5] examined empirically the effective KM processes from the roles of infrastructure capability and business strategy on firm performance. The results confirmed the impact of KM processes on firm performance. Mills and Smith [12] studied the impact of knowledge management resources on organizational performance. The results show that some knowledge resources (structure & acquisition) were directly related to organizational performance, while others (technology & culture) were not directly related to organizational performance.

Importance of the Research

Gained knowledge in the field of organizations and the importance of clear success in these organizations, and most of tacit knowledge, and is available in the minds and the minds of individuals, and rely on their intuition, experience and skills and the thinking abilities. The knowledge exists an intangible, but significant and measured, and plays a critical role in achieving quality. The management of knowledge did not cool down enough attention by organizations in general, at spite of that knowledge is the key to their success now and in the future, illustrated the importance of this study is being dealt with the role of knowledge management and facilitate participation and focus on the most important operations management and its role in improving the quality. This study seeks to wonder confronted at the following:

Research Objectives

The research likely to contribute to the theory and processes of the knowledge management and the role in improving organizational effectiveness, and the use of the knowledge management in general, besides answering the research questions, the research pursue to achieve the following objectives:

- To add the new literature relating to knowledge management and the role in improving organizational effectiveness.
- To identify the processes of knowledge management level and implicit phenomenon on organizational effectiveness effect.
- To identify at the quality dimensions of organizational effectiveness from the knowledge management.

Literature Review

Knowledge Management

In addition, most literature review were conceptually grounded and empirically examined in advanced, developed and newly industrialized countries. Knowledge management (KM) has been defined in different ways in scientific literature; Wiig, [13] defined it as “a group of clearly defined process or methods used to search important knowledge among different knowledge management operations”. Gupta et al. [14] separate KM as “a process that helps organizations to find, select, organize, disseminate, and transfer important information and expertise necessary for activities. KM as the broad process of locating, organizing, transferring, and using the information and expertise within an organization. Most knowledge is initially tacit in nature; it is laboriously developed over a long period of time through trial and error, and it is underutilized because the organization does not know what it knows [15].

Knowledge management is “a systematic and integrative process of coordinating organization-wide in pursuit of major organizational goals” [16]. Scholars generally agree that knowledge management processes need to fit with organizational context in order to create a competitive edge [17]. The literature on the role of knowledge management plays reveals several important missing pieces. Gold, Malhotra and Segars [5] examine that the issue of effective knowledge management from the perspective of organizational capabilities. This perspective suggests that a knowledge infrastructure consisting of technology, structure, and culture along with a knowledge process architecture of acquisition, conversion, application, and protection are essential organizational capabilities or "preconditions" for effective knowledge management. The results provide a basis for understanding the competitive predisposition of a firm as it enters a program of knowledge management.
Cui et al. [18] also mention that knowledge management capabilities consist of three interrelated processes: knowledge acquisition, knowledge conversion, and knowledge application [5]. Knowledge is not only an important resource for a firm, but also it serves as a basic source of competitive advantage [5, 8, 19]. Therefore, knowledge management capabilities refer to the knowledge management processes in an organization that develop and use knowledge within the firm. Hislop [20] represents an approach to the facilitation of KM through culture management and human resource management processes including performance appraisal and rewarding employees. Westover [21] describes leadership processes and methods for creating organizational culture to promote innovations for driving organizational effectiveness.

Moreover, Organizational effectiveness is different constituents (such as owners, employees, and customers) [22] and can be goal oriented approach that views an organization as successful if the goals of the dominant alliance are satisfied, resource munificence approach the ability to attract the needed resources from the environment to produce its output. Self-managing systems in organizations, conduct knowledge-intensive work such as designing new products, developing innovative technologies, and delivering professional services to clients effectively if they obtain and use external knowledge, in the form of task-related information, know-how, and feedback from sources outside the teams [23,24]. At the organization level, differentiation refers to adaption and integration of activities and resources refers to the extent to which they coordinate their activities with each other as they obtain and use more knowledge from other units [25].

Knowledge Management Processes

Knowledge management processes include several stages to develop the organization's ability to obtain and share knowledge and benefit from it in order to survive and succeed, and this means that the organization owning the systems, structures and organizational values and processes that support knowledge management.

Many of the concepts and driveways that dealt with knowledge management as a process and different researchers in the field of knowledge management on the names of these operations, some researchers, such as Chang and Chuang [26] the class knowledge management in four varieties namely innovation, organization, sharing, use and reuse, either finds that the organization needs to learn the regulatory framework for the generation of knowledge and the need for a way to distribute this knowledge transfer, and knowledge management system should be able to store the knowledge and means to update and added and re- correct knowledge, on the other hand confirms that organizations implement a set of management processes of knowledge which determine the nature and types of knowledge, and the foundations of existing knowledge, and the acquisition of knowledge required, and storage of existing knowledge and acquired, and share the knowledge and application of knowledge, and innovation and generate new knowledge through research, and [27] finds that he must diagnose knowledge, and identify targets of knowledge, knowledge generation, and storage of knowledge, and the distribution of knowledge, and the application and use of knowledge, while notes [28] the management of knowledge consisting of four operations, a discovery and knowledge building, maintaining knowledge, sharing of knowledge sharing, and applying knowledge.

KM centralizes information from a variety location of the organizations through simple access methods with technology (such as a web browser) that helps employees make decisions anywhere. Managers need to be able to drill down through data and information to gain knowledge for making effective and efficient decisions in analyzing information with a very quick and easy way. These services are also available to any employee whenever they need it; businesses also demand that information be timely and accurate to enable managers to make the right decisions to achieve outcome as lose or profit [29]. As it is important for an organization to manage its knowledge both internally and externally researchers have identified many key aspects of these knowledge management process: capture, transfer, use; acquire, collaborate, integrate and exploit; create, transfer, use and create, process and divide them into four broad dimensions of processes- acquiring knowledge, converting in useful form, applying or using it, and protecting it [30, 31, 32].

The Knowledge Management and Organizational Effectiveness

Knowledge management include the managerial efforts in facilitating activities of acquiring, creating, storing, sharing, diffusing, developing, and deploying knowledge by individuals and groups [33,34]. Many frameworks for knowledge management processes have been identified. This study examines three processes that have received the most consensuses: knowledge
Organizational effectiveness is “the degree to which an organization realizes its goals”. In this study, measures assessing organizational effectiveness were adopted from Lee and Choi [35] which encompass organizational members’ perceptions of the degree of the overall success, market share, profitability, growth rate, and innovativeness of the organization in comparison with key competitors. How well knowledge is managed contributes to organizational effectiveness. “It is what the organization comes to know that explains its performance” [36]. Some empirical studies confirm a significant linkage between knowledge management and organizational effectiveness. For example, knowledge creation and sharing have been found to contribute to improved performance and innovation [37]. Knowledge integration could lead to product development effectiveness, reduced defect density, lowered warranty defects, and increased software development efficiency [38].

**Research Methodology**

This formulation of the theoretical framework study of the The Knowledge Management Processes and Its Role in Improving Organizational Effectiveness. Additional, the description the sampling procedure, which includes the data collection procedure, which includes the data collection method and the variables and measures as well as statistical analytical methods that will be used.

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**Knowledge Management**

The knowledge management processes is defined as the degree to which the firm creates, shares, and utilizes knowledge resources across functional boundaries. Many researchers discussed the knowledge management process capabilities through the following elements: acquisitions; diagnosis; generating; sharing; storing; using and applying.
This procedure of the hypothetical framework study of the knowledge management processes and its role in improving organizational effectiveness. Additional, in order to obtain primary data, questionnaire survey was conducted to find out the general processes of knowledge management. This study used the method of descriptive analytical method for data collection and tabulation, presentation and analysis and interpretation. Aim of the survey was to examine the knowledge management processes in organizational effectiveness. One hundred ten copies of questionnaire were distributed and responses were collected. A total of 85 questionnaires were returned. Hence the response rate is 90%.

Hypothetical of the Research

Table 1: Summary results of the analysis of simple regression.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted R square</th>
<th>Std. Error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>knowledge management</td>
<td>.724</td>
<td>.524</td>
<td>.522</td>
<td>.379</td>
</tr>
</tbody>
</table>

Table 2: Results of analysis of variance of simple regression of the first major hypothesis.

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>DF</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>29.011</td>
<td>1</td>
<td>29.011</td>
<td>201.694</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>26.322</td>
<td>183</td>
<td>.144</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.332</td>
<td>184</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), knowledge management processes
b. Dependent Variable: organizational effectiveness

Table 3: Analysis of the results of the regression coefficients.

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>T</td>
<td>Sig.</td>
</tr>
<tr>
<td>Constant</td>
<td>.969</td>
<td>.219</td>
<td>4.423</td>
<td>0.000</td>
</tr>
<tr>
<td>Knowledge Processes</td>
<td>Management.760</td>
<td>.054</td>
<td>.724</td>
<td>14.202</td>
</tr>
</tbody>
</table>

Dependent Variable: organizational effectiveness

Foundation on these and other studies, it is hypothesized that knowledge management positively contributes to organizational effectiveness.

HO1: statistically significant effect at the level of significance (P ≤ 0.05) knowledge management processes: (diagnosis knowledge, knowledge acquisition, storage knowledge, knowledge sharing and distribution, application and use of knowledge) in organizational effectiveness at the Jordanian commercial banks. In order to identify the extent of the likelihood of offer and acceptance to this hypothesis, the researcher conducting simple regression analysis (Simple Linear Regression). The table (1) shows that the three branches.

According to above tables, the relationship between organizational effectiveness and KM is positive, and there is a significant effect of KM on organizational effectiveness where (F = 201.694) with (Sig=0.00) refers to the acceptability of model. Moreover, (R Square = 0.54) refers that 52.4% of organizational effectiveness can be explained by variance in KM.

(B = 0.760) refers to the effect of KM on organizational effectiveness, this effect is significant depending on (t = 14.202) with (sig = 0.00) less than 0.05.

The branch including a number of sub-hypotheses:

HO1.1: statistically significant effect at the level of significance (P ≤ 0.05) for the diagnosis of knowledge in organizational effectiveness in the Jordanian commercial banks. In order to identify the extent of the likelihood offer and acceptance of this hypothesis, the researcher conducting simple regression analysis (Simple Linear Regression). The table (4) shows that.
Table 4: The results of simple regression analysis (Knowledge Diagnosis)

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>ANOVA/Analysis of variance</th>
<th>Model summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig</td>
<td>t</td>
<td>Beta</td>
</tr>
<tr>
<td>.000</td>
<td>13.669</td>
<td>0.657</td>
</tr>
</tbody>
</table>

Table (4) shows the relationship between organizational effectiveness and Knowledge Diagnosis is positive, and there is a significant effect of knowledge diagnosis on organizational effectiveness where (F = 186.847) with (Sig=0.00) refers to the acceptability of model. Moreover, (R Square = 0.505) refers that 50.5% of organizational effectiveness can be explained by variance in Knowledge Diagnosis. (B = 0.657) refers to the effect of Knowledge Diagnosis on organizational effectiveness, this effect is significant depending on (t = 13.669) with ( sig = 0.00) less than 0.05.

HO1-2: statistically significant effect at the level of significance (P ≤ 0.05) of the process of acquiring knowledge in organizational effectiveness in the Jordanian commercial banks.

In order to identify the extent of the likelihood of offer and acceptance to this hypothesis, the researcher conducting simple regression analysis (Simple Linear Regression). The table (5) shows that.

Table 5: The results of simple regression analysis (Acquisition knowledge)

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>ANOVA/Analysis of variance</th>
<th>Model summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig</td>
<td>T</td>
<td>beta</td>
</tr>
<tr>
<td>.000</td>
<td>13.401</td>
<td>0.684</td>
</tr>
</tbody>
</table>

Table (5) shows the relationship between organizational effectiveness and Acquisition knowledge is positive, and there is a significant effect of Acquisition knowledge on organizational effectiveness where (F = 179.599) with (Sig=0.00) refers to the acceptability of model. Moreover, (R Square = 0.495) refers that 49.5% of organizational effectiveness can be explained by variance in Acquisition knowledge. (B = 0.684) refers to the effect of Acquisition knowledge on organizational effectiveness, this effect is significant depending on (t = 13.401) with (sig = 0.00) less than 0.05.

HO1-3: statistically significant effect at the level of significance (P ≤ 0.05) to the process of generating knowledge in organizational effectiveness in the Jordanian commercial banks. In order to identify the extent of the likelihood of offer and acceptance to this hypothesis, the researcher conducting simple regression analysis (Simple Linear Regression). The table (6) shows that.

Table 6: The results of simple regression analysis (Knowledge generation)

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>ANOVA/Analysis of variance</th>
<th>Model summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig</td>
<td>T</td>
<td>beta</td>
</tr>
<tr>
<td>.000</td>
<td>.048</td>
<td>.343</td>
</tr>
</tbody>
</table>

Table (6) shows the relationship between organizational effectiveness and Storing...
knowledge is positive, and there is a significant effect of Storing knowledge on organizational effectiveness where \((F = 117.375)\) with \((\text{Sig}=0.00)\) refers to the acceptability of model, Moreover, \((R^2 = 0.391)\) refers that 39.1% of organizational effectiveness can be explained by variance in Storing knowledge. \((B = 0.619)\) refers to the effect of Storing knowledge on organizational effectiveness, this effect is significant depending on \((t = 10.834)\) with \((\text{sig} = 0.00)\) less than 0.05.

**HO1-5:** statistically significant effect at the level of significance \((P \leq 0.05)\) of the process of knowledge sharing and distributed in organizational effectiveness in the Jordanian commercial banks.

In order to identify the extent of the likelihood of offer and acceptance to this hypothesis, the researcher conducting simple regression analysis (Simple Linear Regression). The table (8) Shows that.

**Table 7: The results of simple regression analysis (Storing knowledge)**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>ANOVA/Analysis of variance</th>
<th>Model summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig</td>
<td>T</td>
<td>beta</td>
</tr>
<tr>
<td>0.000</td>
<td>10.834</td>
<td>.619</td>
</tr>
</tbody>
</table>

Table (7) shows the relationship between organizational effectiveness and Sharing and Distribution knowledge is positive, and there is a significant effect of Sharing and Distribution knowledge on organizational effectiveness where \((F = 70.526)\) with \((\text{Sig}=0.00)\) refers to the acceptability of model, Moreover, \((R^2 = 0.278)\) refers that 27.8% of organizational effectiveness can be explained by variance in Sharing and Distribution knowledge. \((B = 0.467)\) refers to the effect of Sharing and Distribution knowledge on organizational effectiveness, this effect is significant depending on \((t = 8.398)\) with \((\text{sig} = 0.00)\) less than 0.05.

**HO1-6:** statistically significant effect at the level of significance \((0.05 \geq P)\) to process the application and use of knowledge in organizational effectiveness in the Jordanian commercial banks. In order to identify the extent of the likelihood of offer and acceptance to this hypothesis, the researcher conducting simple regression analysis (Simple Linear Regression). The table (9) Shows that.

**Table 8: The results of simple regression analysis (sharing & distribution knowledge)**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>ANOVA/Analysis of variance</th>
<th>Model summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig</td>
<td>T</td>
<td>beta</td>
</tr>
<tr>
<td>0.000</td>
<td>8.398</td>
<td>.467</td>
</tr>
</tbody>
</table>

Table (9) shows the relationship between organizational effectiveness and Application and Use of knowledge is positive, and there is a significant effect of Application and Use of knowledge on organizational effectiveness where \((F = 85.164)\) with \((\text{Sig}=0.00)\) refers to the acceptability of model, Moreover, \((R^2 = 0.318)\) refers that 31.8% of organizational effectiveness can be explained by variance in Application and Use of knowledge. \((B = 0.419)\) refers to the effect of Application and Use of
knowledge on organizational effectiveness, this effect is significant depending on \( t = 9.228 \) with (sig = 0.00) less than 0.05.

**Result and Discussion**

The results of the study assured that there’s an effect for the knowledge management processes and its role in improving organizational effectiveness at Jordanian commercial banks. There are statistically significant differences between knowledge management on improving organizational effectiveness according to experience, but there are no differences to functions. The results also suggest that knowledge management fully referee the impact of organizational effectiveness. The results show that all processes of knowledge management capabilities have a positive significant relationship with all measures of the performance at the level of significant; it means that there is a great correlation between knowledge management capabilities and organizational performance. The findings carry theoretical implications for knowledge management literature as they extend the scope of research on knowledge management from examining a set of independent management processes. This results of this study are consistent with the study of [39] and study [40].

Conversion of knowledge in the right way is found to be important for organizational effectiveness, which is pursued with the outcomes by Tseng [41], Lopez-Saezet al. [42]. Knowledge application result also showed positive and significant relationship with organizational effectiveness which also makes relation with other previous research studies [43, 44]. Application of knowledge is important aspect of the KM process in organizations effectiveness [43, 45].

In requisites of differentiation, T-test was operating to examine the differences between KM processes among male and female. In the meantime, the One-way ANOVA test was utilized to examine the differences between KM among education background. The use of laboratory internal consistency (alpha), in order to collect the questionnaires, where the value of (alpha) of the questionnaire (90.0%) which is excellent because it is higher than 64%, as The value of (alpha) for the independent study variables also higher than the accepted 64%, and is intended variable consistently free of the questions that measured by the accidental errors are shown in Table 1. In addition to the nature of data, the generalizability of sampling is another limitation of this study. The study conducts in a specific national context. It is important to note that readers should be cautious when generalizing the results to different cultural contexts. Further, the sample size is relatively small, requiring the increased sample size.

**Conclusion**

The study infers that access to information and well maneuvered management of knowledge has been a key factor for the success of the organization. Achievement for an organization is significantly depending on the successful management of knowledge as it is considered the most valuable asset that an organization owns or needs to own to accomplish its mission perspectives. Throughout this study a research model of knowledge management is examined which shows positive outcome that knowledge management process has impact over organizational effectiveness. Banking, being one of the key professions in Jordan, plays an important role in economy in contributing for building a sound national economy that trickles over for improving the livelihood of the people. This study provides attention to the relationship among KM, processes and organizational effectiveness. Finally, we argue that the KM conceptual model presented in this paper is a useful starting point to gain a deeper insight into KM processes and their influence to the organizational effectiveness. Despite the claims for a relation between KM processes and organizational effectiveness, few researchers have actually proved the existence, as well as the nature of this link. This conclusion can be applied as a starting point for managers who are to implement KM processes through their organization.


20. Hislop Donald (2009) Organizational Culture and Knowledge Management (3rd ed.). Oxford University Press,


