CHAPTER 4
SUMMARY OF FINDINGS, CONCLUSION AND IMPLICATIONS

Based on insights gained from Literature review, this chapter begins by answering the research questions of the study. The main conclusion of research is then contextualized in KM literatures. The implications for the study and direction for further research are also given.

4.1 Summary of Findings

1. Although the correlation coefficient between IT centered KM and Organizational performance is positively significant, IT centered KM is weakly correlated to organizational performance.

2. Although there is significant association between capture based KM and organizational performance, Capture based KM is also weakly correlated to organizational performance.

3. Learning based KM is highly correlated to organizational performance.

4. IT process for KM does not positively influence organizational performance, even though the correlation coefficient between IT process for KM and organizational performance is significant.

5. IT support for KM does not positively influence organizational performance though the correlation between IT process and organizational performance is significant.
6. Capture based KM also does not influence organizational performance though the correlation coefficient between capture based KM and organizational performance is significant.

7. In contrast, learning based KM positively and highly influences organizational performance.

8. IT process for KM does not moderate the positive relationship that exists between learning based KM and organizational performance.

9. In contrast, IT support for KM moderates the relationship that persists between learning based KM and organizational performance.


11. Adopting Knowledge management strategies remain same in respective of gender of executives.

12. Adopting Knowledge Management strategies varies according to the age group of executives.

13. The adoption of KM strategies remains constant in respective of educational qualifications the executives hold.

14. The executives in various levels namely junior, middle and senior exhibit variation in adopting KM strategies.

15. The adoption of KM strategies varies according to the departments where executives work.
4.2 Conclusion

The objective of the study is to examine the impact of KM strategies on organizational performance from comprehensive cross sectional survey with reference to particular public sector in a district. The results provide a clear and up to date picture of knowledge management strategies adopted by the executives of a particular public sector and its influence on organizational performance. The relationship between knowledge management strategies and organizational performance and moderating effect of each strategy on organizational performance are discussed.

To identify whether there is a relationship between three types of Knowledge management strategies and organizational performance or not, the study employed correlation analysis. The result of the analysis is that the relationship between IT centered KM and organizational performance, capture based KM and organizational performance were moderate and found to be significant and learning based KM was highly correlated towards organizational performance and found to be and significant.

To understand the extent of variation shown by knowledge management strategies on organizational performance, the study employed multiple regression analysis. From the results, it is understood that independent variables namely IT process for KM, IT support for KM and capture based KM were found to be insignificant and an independent variable namely learning based KM is significant. On other hand, moderate variables namely IT process
for KM and capture based KM were found to be insignificant and only one moderate variable namely IT support were found to be significant. Also the variables together observed considerable variation on dependant variable ‘organizational performance’.

To further understand the relationship and key influences, the study developed and tested a structural model linking IT process, IT support, Capture based KM and Learning based KM to organizational performance. Except the path linking IT process and capture based KM to organizational performance, all other paths linking learning based KM and IT support to organizational performance were found to be significant. It indicates that except IT process and capture based KM, all other strategies namely IT support and learning based KM have strong influence on organizational performance. It was also further learned from the study that one can predict the performance of an organization by considering the above mentioned variables.

The study also attempted to examine the relationship between demographics and knowledge management strategies. The results revealed that there is a significant difference in respective of age, designation and departments with respect to the adopting knowledge management strategies. However, significant difference is not observed in respective of gender and educational qualifications of executives with regard to knowledge management strategies.

This study examined the relationship between knowledge management strategies and firm performance. By delineating three different types of
knowledge management strategies, this study sought to shed light on strategic knowledge management. Further, this study provided research evidence to suggest that knowledge management provides performance benefits to companies. This study found that learning-based KM strategy provides organizational performance benefits whereas a combination of IT-centered and capture-based KM strategies does not enhance or yield firm performance. This study raised several issues that help us to better understand knowledge management strategies and their effect on firm performance. More particularly, this study suggested that learning-based KM strategy has the potential to impact performance, not only by creating and exploiting knowledge, but also by improving employee satisfaction and developing a shared vision that helps employees to better perform their roles. Further, this study suggests that capture-based strategy may not provide performance benefits because employees react negatively to organizational efforts to capture their knowledge in repositories. Finally, this study pointed to the need to implement complementary strategies. This study provided insights into different knowledge management strategies and their differential effect on firm performance. By integrating the insights from organizational knowledge and organizational learning literatures, this study added much needed rigor and process orientation to knowledge management research. Through its findings and observations, this study raised several questions that need to be addressed so that research can unravel knowledge management and provide guidelines to practice. Continued
research attention to these aspects will go a long way in helping firms to achieve competitive advantage through knowledge and learning, which are perhaps the only resources that provide competitive advantage in an increasingly globalizing and competitive world (DeGeus, 1988; Grant, 1996a).

4.3 Implications of the Study

The current study makes useful contributions to the research and practice of strategic management, particularly knowledge management. These contributions are discussed in the following paragraphs.

Contributions to Research

By drawing from multiple research streams, this study developed three different KM strategies and explained their effect on organizational performance of firms. Knowledge Management is a fairly recent phenomenon, which received much attention from practitioners and researchers alike. The effect of knowledge management on firm performance has received some research attention in the recent past. For example, researchers have found that knowledge management enhances dynamic capabilities (Sher & Lee, 2004) and innovativeness (Darroch & McNaughton, 2003) of a firm. Further, researchers found that knowledge management enablers and knowledge creation processes have a positive effect on organizational creativity and performance (Lee & Bhoi, 2003). Also, researchers have found that firms that use focused codification and tacitness as knowledge management strategies perform better than those that lack focus (Schulz & Jobe, 2001). However, literature lacked a study that
comprehensively mapped the field of knowledge management strategies and examined their effect on firm performance. This study is the first to theoretically develop different knowledge management strategies and consider their effect on firm performance. Both knowledge management and performance are complex phenomena. By developing multiple knowledge management strategies and examining their effect on firm performance, this study suggested that different KM strategies affect firm performance. Accordingly, this study not only generated useful insights about the relationship between KM strategies and firm performance, but also infused much needed theoretical and empirical rigor into the KM literature.

This study integrated the insights from the organizational knowledge and learning literatures to develop KM strategies. Several researchers in the past have called for integrating these streams of research (Lyles & Easterby-Smith, 2003; Vera & Crossan, 2003). Also, several scholars have called for a shift in the focus of knowledge management practice from technology and systems to learning and processes (Davenport & Prusak, 1999; McDermott, 1999). This study not only used insights from Organizational Knowledge and Organizational Learning literatures, but also approached knowledge management from a learning perspective. In the recent past, researchers have adopted a learning perspective to examine the knowledge sourcing behavior of individuals and its effect on their performance (Gray & Meister, 2004, forthcoming). Gray and Meister found that learning orientation of employees is
an important antecedent to both knowledge sourcing and its outcomes (Gray & Meister, 2004). Further, they found that different methods of knowledge sourcing yield different kind of performance outcomes (Gray & Meister, forthcoming). This study lends further support to the findings of Gray and Meister by examining the phenomenon at the organizational level and emphasizing the important of learning processes as well as the differential effect of various KM strategies on firm performance. Consequently, this study opens several fresh avenues for research and provides an impetus to approaching knowledge management through learning.

Prior research in Organizational Learning suggested that organizational learning processes yield firm performance by exploiting organizational knowledge. This study suggests that organizational learning processes also affect performance by enhancing employee satisfaction and developing shared vision and common goals.

The strategic management research revolves around the central question of how to achieve superior and lasting firm performance (Schendel, 1991). The KBV research suggests that knowledge is a resource and firm performance depends on it. The organizational learning perspective argues that a firm achieves superior performance from its ability to learn and thus create and exploit new knowledge. This study developed three types of knowledge management strategies and developed scales for measuring them. These scales are a useful contribution to management research. The scale for learning-based
KM strategy can be used by Organizational Learning researchers to measure the processes and practices of organizational learning. The scales on KM strategies can be used by scholars interested in examining the phenomenon of knowledge management. Further, this study also developed a scale for measuring organizational performance using organizational processes. This scale will prove useful for conducting strategy research involving performance variables without having to wait for a long period to collect performance data to test the relationships.

Finally, several scholars in the past have called for empirical research on organizational learning (Huber, 1991), particularly large scale research employing survey methods (Vince, Sutcliffe & Olivera, 2002). Also, several scholars have pointed to the challenges in measuring and conducting empirical research on organizational learning (Lyles & Easterby-Smith, 2003). This study has made a step in the direction of facing such challenges and added to the growing body of empirical research in organizational learning.

**Implications for Practice**

As several respondents pointed out, 'it is difficult to measure the returns from knowledge management'. Investments in knowledge management are a 'leap of faith', as one interviewee put. The results of this study suggest that organizations need not approach knowledge management merely based on 'faith'. Findings from this study suggest that firms can and do benefit from knowledge management, provided they adopt an appropriate strategy. Based on
this study, the following guidelines can be provided to the practitioners of knowledge management.

**Knowledge Management must be Approached in a Strategic Manner.** It is important to think of the reasons behind knowledge management efforts. If managers are interested in codifying and capturing the knowledge of individual employees, the firm may receive a short-term performance benefit. However, such strategies yield very little benefits in the long-term. If the firm believes that developing employees is a key element of knowledge management and follows a learning strategy, the firm will benefit in the long term.

**IT and Capture-Based Strategies Hamper Knowledge Management.** During the survey, it was found that KM practitioners believe that they can begin knowledge management in their companies by first focusing on technology and knowledge capture. They believe that these strategies will yield visible and tangible results, which may be used for initiating more meaningful activities that create and manage knowledge in the organization. This study suggests that such an approach may not work because by using technology and databases first, the organization sends the signal that it is interested in capturing the knowledge. This signal interferes with the noble intentions behind any learning processes that may be introduced at a later stage. Therefore, managers interested in a sustainable knowledge management need to consider the negative implications of beginning KM with an IT or capture strategy.
**Subtle Initiation is the Key.** From the survey data, it was apparent that firms which were successful in knowledge management were those that began their KM efforts with pure learning and idea-sharing kind of activities. These activities had no apparent and direct link to performance benefits. More importantly, such activities were not viewed as Knowledge Management efforts. As a respondent pointed out, 'knowledge management is about people and attitudes'. Therefore, efforts at knowledge management are best initiated subtly as learning processes.

### 4.4 Directions for Further Research

This study opens several fresh avenues for research. These avenues can be categorized into (i) external knowledge management, (ii) socio-psychological processes that affect knowledge management, (iii) organizational learning and firm performance.

**Managing External Knowledge:** Much of the research on knowledge management has focused on creating and managing internal knowledge that is knowledge residing within organizational boundaries. Very little research attention has been paid to the strategies for managing external knowledge. Several researchers have pointed out that both internal and external knowledge are important for a firm's success and need to be researched (Bierly & Chakrabarti, 1996; Uzzi & Lancaster, 2003). The literature suggests that the extent to which firms acquire and use external knowledge is dependent on their absorptive capacity (Cohen & Levinthal, 1990). However, the research has not
examined what different strategies could be adopted by firms for acquiring external knowledge. Therefore, it is important that research attention be diverted to understanding what strategies are useful to manage external knowledge.

**Knowledge Management and Socio-Psychological Processes:** Knowledge management is affected by how people engage in it. If employees feel that the organization is 'out to drain the knowledge out of their brains', they are unlikely to engage in it. Instead, they are likely to sabotage the initiatives. The personality type of employees seems to influence knowledge management and its outcomes. Besides the personality type of employees, their reaction to knowledge management is also important. Some firms, however, seem to realize the limitations of individual psychological orientations and build that into their knowledge management efforts. As the comments from the respondents suggest, it is important to know how the personalities of organizational members influence knowledge management. More importantly, firms need to know how such factors can be integrated into their knowledge management programs. Research attention on this problem will shed useful light on knowledge management.

**Organizational Learning:** Prior research highlighted the benefits that firms derive from organizational learning. It was thought that these benefits arose primarily due to better utilization of the learning and experience of firms. This study raised the possibility that organizational learning processes could
influence firm performance by generating employee satisfaction, shared vision and common goals. Future research could further explore this possibility and examine the various mechanisms through which organizational learning influences firm performance.