

Article

Knowledge Management and its Impact on Organizational Performance: Evidence from Pakistan

Muhammad Bilal Majid* and Mohd Sadad Bin Mahmud

Universiti Sultan Zainal Abidin (UniSZA) Gong Badak Campus, Terengganu, Malaysia.

bilalmajid34@gmail.com; mohdsadad@unisza.edu.my

*Correspondence: bilalmajid34@gmail.com

Received: 23rd February 2019; Accepted: 19th March 2019; Published: 1st May 2019

Abstract: The aim of this research is to investigate the impact of knowledge management on organizational performance with the moderating role of transformational and Participative leadership behavior in telecom sector of Punjab, Pakistan. How leaders motivate to their employees and how they enhance the performance of organizations by using their knowledge. Research approach was deductive. Postivism research paradiagm was used to measure the study. Simple random sampling technique was used to collect data from employees as well as managers of telecom sector. Sample size was 280 employees of telecome sector. This research is significant for academically and practically in public and policy making. How an organization can enhance to their performance, effectively when long-term commitment, trust, successful socialization of employees and organizational citizenship behavior take place in the organization.

Keywords: *Knowledge Management(KM); Transformational Leadership(TL); Organization Performance(OP); Participative Leadership (PL); Motivation of Employees(MoE); Telecom Sector*

1. Introduction

In the beginning of 21st century, knowledge management (KM) evolution come up with great demand of reorganization's, employees, customers and financial markets etc. The improvement of all types of industry was started demanding of it with full attraction. During 1998s, to 1990s, its demand has been on top and organizations have pursue to its quality and importance warmly. (Addis, 2016; Holtshouse, Borghoff, & Pareschi, 2013).

Knowledge enhance to the overall performance of the organization when leaders perform the participative role and transformational role regarding knowledge management. Participative and transformational leaders take initiate step of knowledge management for encouraging of employees, innovation in business and practically transformation of knowledge to one another, lead to enrichment of organizational performance (Donate, 2015).

Leadership behavior has long and many histories in research that focused on the two-constructs "concern for task" and "concern for people" by using different terminologies for the purpose of

organizational progress. Those leaders who are worried about the organization, they focus on both concerns such as transformational and participative leaders and some leaders denies to it and relater poorly with organizational performance (Ghaffari, Shah, Burgoyne, Nazri, & Aziz, 2017).

Knowledge management (KM) is the procedure of manage and efficient running of information and means within a marketing organization in this process, KM becomes the reason of creating, sharing and using to the information within an organization. (Becerra-Fernandez & Sabherwal, 2015). Knowledge sharing is a movement through which knowledge is transferred mentally that encourages and motivates to the members of the organizations or any other working place. Value, experience, norms, attitudes, skills, beliefs and paradigms share with employees and colleagues (Ghobadi & Mathiassen, 2016).

An organizational structure is a function in which coordination, collaboration, supervision and communication process, resource and task allocations include. Organizational structure defines business activities and employees know about the values, norms, organizational goals, and environment (Joseph, Klingebiel, & Wilson, 2016).

Transformational Leadership is those who have idealized influence, encouraging motivation, Logical stimulation, individualized concern, lead to others at the needed time create a vision, spirituality among subordinate for achieving competitive goals (Mullen, Kelloway, & Teed, 2017). While participative leadership is a decision-making smartness that summonses for idea from employees for company's better decisions. The staff has provide useful information about company matters and a majority vote defines the sequence of feat the company will yield (Ghaffari et al., 2017).

Perceived organizational performance defined as the human resource management and employee's perception, commitment and attitudes of members of organization within organization. The employees perceive it and their performance directly effect on the overall the performance of organization that lead to the employees satisfaction, organizational citizen behavior, long term commitment, competitive goals achievement and career development (Eisenberger, Malone, & Presson, 2016; Joong Kim & Hancer, 2010).

2. Literature Review

2.1. Knowledge Management and Leadership Behaviors

Managers and leaders show their positive behaviors and take an interest in the management of knowledge that most important for the success of any business. Many experts assign to knowledge as the sustainable and gaining the competitive edge in the modern era of business. (Azizi, Maleki, Moradi-Moghadam, & Cruz-Machado, 2016).

Knowledge management leads to leaders in self-management and self-interaction those leaders who create positive effects on the organizational performance. Transformational leaders and participative leader's behaviors may be differ but first leaders increase output by encouraging and developing to their followers and second based on the "on a series of exchange between leaders and followers" and these all to all things' explain to the workers who's shows the positive result and positive behaviors due to the knowledge (Donate& dePablo,2015).

2.2. Technical Knowledge and Leadership Behavior

Technical knowledge refers to the modern ways of knowledge sharing with one other and it has the mechanically knowledge and provide practically to subordinates which is most easily acceptable and important for the society and for the organization better performance (Giurgu, Barsan, & Mosteanu, 2016).

In addition, transformation leadership ancient in the knowledge sharing tools and considered that who's manager and leaders should do for encouraging to knowledge among employees with their experiences (Campbell, 2017). These are the types of tacit knowledge and explicit knowledge. Many preceding studies have explored to the relationship among these types of variables but more in the

transformational leaders and knowledge sharing. When leaders transfer their knowledge to the other for the purpose of organizational performance then both leaders and organizational performance encourage by sharing of knowledge that creates coordination among them (Al-Husseini & Elbeltagi, 2012).

2.3. Knowledge sharing and leadership behavior

For the better performance of organizations, there is need the knowledge sharing and make innovative to business for sustain. The knowledge of sharing leaders' behavior convert into learning and then they use the process of sharing in the success of business and adopt to the globalization changing effectiveness of competency and other new abilities of doing work in organization with modern style through the sharing of knowledge (Mullen et al., 2017).

Knowledge sharing and leadership behavior has specified role on the knowledge management. The transformational leader encourage to the environment and other circumstance in which employee automatically pushes and participates in knowledge sharing due the this style and knowledge sharing comes out from employee side, so exchange of knowledge and idea sharing has begun in organization (Mullen et al., 2017; Sanders, Shipton, & Gomes, 2014).

2.4. Organizational Performance

Transformational leadership positively associated with organizational structure (Mullen et al., 2017). They put their knowledge in employee motivation, effectively and employees they show willingness satisfactory with organizational culture and perform participative role in organizational perform (Ghaffari et al., 2017). Ethical leader can perform a mediating role as well as moderating role between organizational culture and employee outcome that is necessary element for good performance of organization. (Ofori, 2009).

Hugyun kim (2017) is also express to this positive correlation between organizational structure, organization performance and transformer leadership. Clan culture, affective commitment and organizational citizenship behavior has managed beautifully by this type of leader, who has knowledge of management to these factors practically and theoretically (Ahmed, Shah, Qureshi, Shah & Khuwaja, 2018). This study help all public and private sector in managing knowledge about organizational culture smoothly and get positive report (Erkutlu, 2012; Kim, 2014).

2.5. Problem Statement

Organizational performance has been a construct paid limited attention in Pakistan's context (Refer for example Umrani, Mahmood, & Ahmed, 2016; Umrani, Kura, & Ahmed, 2018). In Pakistan, firms are facing the problem short-term commitment and counterproductive work behavior which has impact on the organizational performance. Mismanagement of knowledge within an organization with all employees of leaders and managers. Due to this problem, the socialization of new employee's damage and counterproductive work behavior and short-term commitment increase that lead to low performance of organization.

Knowledge management is the key factor of success for any organization if it is implemented to effectively and efficiently by leaders and management. It is the source of motivation, innovation and individual growth within organization (Mohapatra, Agrawal, & Satpathy, 2016).

Transformational Leadership behavior improves the efficiency and participative leadership behaviors enhance to effectiveness of organizational performance and positively relate with it (Nguyen, Mia, Winata, & Chong, 2017; Pahi, Hamid, Ahmed, & Umrani, 2015). Telecom sector of Punjab Pakistan are facing with this problem, which is effect the organizational performance. There is deficiency of proper knowledge management in the telecom sector (Zahra, Azim, & Mahmood, 2008).

2.6. Conceptual framework

The following diagram (Fig. 1) demonstrates the conceptual framework of the research:

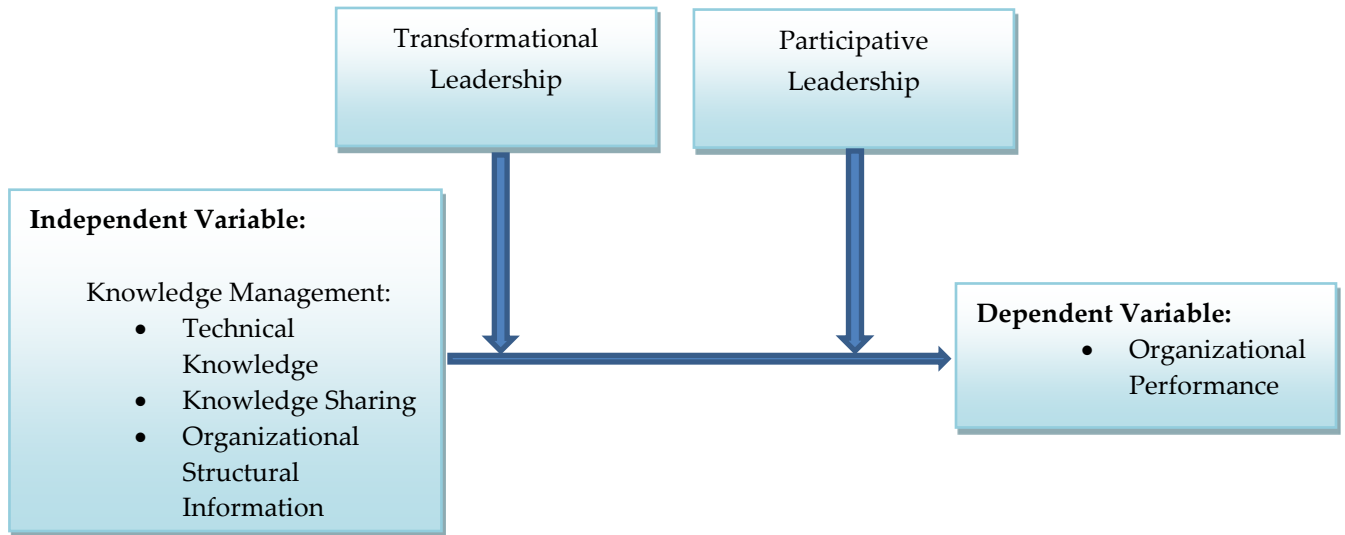


Figure 1. Moderating Variables

2.6.1. Hypothesis

H1: Knowledge management has positive and significant impact on organizational performance.

H2: Transformational leadership style has a positively moderate the relationship between knowledge management and organizational performance.

H3: Participative leadership style has a positively moderate the relationship between knowledge management and organizational performance.

3. Research Methodology

3.1. Research Approach and Nature

This research was used ductutive research approach. Positivism research paradigm was followed and Nature of research was explanatory. In this study we was test leadership member exchange theory.

3.2. Sampling Technique and Sample Size

The marked population of this study was contained of employees and managers of telecom sector from Gujranwala and Gujarat pakistan. Simple random sampling technique was used for this study. The population was unknown because we don't have the exact figures of telecom sectors employees. Hair suggested is 5:1 ration in which we can draw sample on the base of our instruments (Hair Jr, Anderson, Tatham, & Black, 1995). By multiplying the number of instrument with different ranges of formula 5, 10, 15 are the rang of formula recommended (Nunnally, 1978). So there is sample size for this research was based on the 30 item of questionnaire multiply by 10 which were made 300 sample sizes. So, we collect the data 300 employees.

3.3. Data Collection Method and Analysis

The data have been collected from four different telecom companies. Telenor, Jazz, Zong and U-phone offices of Gujranwala and Gujarat areas. SPSS 21 Version has been used for descriptive and inferential

statistics. Reliability of the model has tested with Chronbach's alpha and Validity has been checked with factor analysis and MMR (Moderated Multiple Regression) analysis according to Hayes and preacher in which we run the simple linear and multiple regression analysis with interaction term for testing moderating effect (Hayes & Preacher, 2014).

4. Results and Discussion

4.1. Individual Reliability of Variables

Table-1 shows that all variables have $P > 0.5$ values which means the scale are reliable for the measurement for the generalized-able results.

Table 2. Individual Reliability of Variables

Variable Name	Cronbach's Alpha
Knowledge Management	.753
Transforamtive Leadership	.757
Participative Leadership	.827
Organizational performance	.854

4.2. Correlations

Table-2 of the correlation shows "1" Pearson correlation of all self variables that mean 100% correlate from itself being the same variable. The Significant level of the correlation is 0.01 and this table has .000 levels of all variables which more significant output. The Correlation estimate to the relationship among variable that should not be greater than 1.00.

Table 2. Pearson Correlation 2Tail Test

Variables	KMnew	TLBnew	PLBnew	OPnew	2 Tail Sig
KMnew	1	.431**	.482**	.558**	.000
TLnew		1	.483**	.420**	.000
PLnew			1	.736**	.000
OPnew				1	.000

4.3. Simple Regression Analysis between Knowledge Management and Organizational Performance

Table 3. Coefficients^a: Knowledge Management and Organizational Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF	
1	(Constant)	1.647	.205		8.030	.000	1.243	2.050		
	KMnew	.586	.052	.558	11.209	.000	.483	.689	1.000	1.000

a) Dependent Variable: OPnew

Independent variable KM is statistically significant ($p < .001$) to the dependent variable OP . Positive t values and beta values suggest a positive influence of the independent variables on dependent variables and acceptable for the hypothesis first. H1: KM has positive impact on OP.

4.4. Moderation Multiple Analysis with Interaction Term of Transformational Leadership

Table 4. Coefficients^a: Moderation Multiple Analysis Interaction Term of Transformational Leadership

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.260	.220		5.718			
KMnew	.486	.056	.463	8.629	.000	.814	1.228
TLBnew	.205	.050	.221	4.112	.000	.814	1.228
(Constant)	1.605	1.056		1.520	.130		
KMnew	.398	.270	.379	1.471	.753	.035	28.209
TLBnew	.100	.319	.108	.315	.739	.020	49.806
MODTLB	.027	.080	.168	.334		.009	107.759

a) Dependent Variable: OPnew

Variance inflation factor (VIF): There are various suggested values about VIF values greater than 10, greater than 5 according to Pan & Jackson in (2008), Hair, Anderson (1995). And the above table shows greater than these all recommended values which means that the variables are correlated with each other. So the second hypothesis also accepted but not highly correlated in fact it has the positive effect on the relationship of KM.

4.5. MMR of Second Moderator Participative Leadership (Moderated Multiple Regression)

Table 5. Coefficients^a: MMR of Second Moderator Participative Leadership (Moderated Multiple Regression)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.547	.176		3.105			
1 KMnew	.277	.046	.264	6.056	.002	.767	1.303
PLBnew	.580	.042	.609	13.961	.000	.767	1.303
(Constant)	.645	.194		3.331	.001		
2 KMnew	.220	.066	.209	3.346	.000	.372	2.691
PLBnew	.565	.043	.593	13.020	.225	.703	1.423
MODTLB	.013	.010	.079	1.215		.345	2.901

a) Dependent Variable: OPnew

Same as the above tolerance and VIF values also significant but in better sense if compare with first moderator TL. So we can say that PL positively moderate to the relationship of KM and OP.

H3: PL style has a positive impact in the relationship of KM and OP.

5. Conclusion & Limitations

In the summing up knowledge management has a significant and positive impact on the organization performance but in the presence of the transformational and participative leadership behaviors with subordinates and other members of the organization expand the knowledge performance. The participative role is always significant. Always enhance the efficiency of the employees by motivating them through knowledge sharing, technical knowledge and sharing organizational structural information with employees especially who are the on socialization stage in any business.

This paper has some confines regarding the lack of time and such other factors. In this paper, the data have been collected only from Gujranwala and Gujarat area. There is also not indicate the results of male and female separately.

References

- Addis, M. (2016). Tacit and explicit knowledge in construction management. *Construction Management and Economics*, 34(7-8), 439-445
- Ahmed, U., Shah, S. A., Qureshi, M. A., Shah, M. H., & Khuwaja, F. M. (2018). Nurturing innovation performance through corporate entrepreneurship: the moderation of employee engagement. *Studies in Business and Economics*, 13(2), 20-30.
- Al-Husseini, S., & Elbeltagi, I. (2012). The impact of leadership style and knowledge sharing on innovation in Iraqi higher education institutions. Paper presented at the *ePub-Proceedings of the 4th European Conference on on Intellectual Capital: ECIC 2012*.
- Azizi, R., Maleki, M., Moradi-Moghadam, M., & Cruz-Machado, V. (2016). The Impact of Knowledge Management Practices on Supply Chain Quality Management and Competitive Advantages. *Management and Production Engineering Review*, 7(1), 4-12.
- Becerra-Fernandez, I., & Sabherwal, R. (2015). *Knowledge management: systems and process* Routledge.
- Campbell, J. W. (2017). Red tape and transformational leadership: an organizational echelons perspective. *Journal of Organizational Change Management*, 30(1), 76-90.
- Eisenberger, R., Malone, G. P., & Presson, W. D. (2016). Optimizing perceived organizational support to enhance employee engagement. *Society for Human Resource Management and Society for Industrial and Organizational Psychology*, 2-22.
- Erkutlu, H. (2012). The impact of organizational culture on the relationship between shared leadership and team proactivity. *Team Performance Management: An International Journal*, 18(1/2), 102-119.
- Ghaffari, S., Shah, I. M., Burgoyne, J., Nazri, M., & Aziz, J. S. S. (2017). The Influence of Respect for Employees on the Relationship between Participative Leadership and Job Satisfaction: A Case Study at Universiti Teknologi Malays. *Australian Journal of Basic and Applied Sciences*, 11(4), 17-28.
- Ghobadi, S., & Mathiassen, L. (2016). Perceived barriers to effective knowledge sharing in agile software teams. *Information Systems Journal*, 26(2), 95-125.
- Hair Jr, J. F., Anderson, R., Tatham, R., & Black, W. (1995). *Multivariate Data Analysis*, (3rd). NY: Macmillan Publishing Company.
- Hayes, A. F., & Preacher, K. J. (2014). Statistical mediation analysis with a multicategorical independent variable. *British Journal of Mathematical and Statistical Psychology*, 67(3), 451-470.
- Holtshouse, D., Borghoff, U. M., & Pareschi, R. (2013). *Information technology for knowledge management*. Springer Science & Business Media.
- Joong Kim, Y., & Hancer, M. (2010). The effect of knowledge management resource inputs on organizational effectiveness in the restaurant industry. *Journal of Hospitality and Tourism Technology*, 1(2), 174-189.
- Joseph, J., Klingebiel, R., & Wilson, A. J. (2016). Organizational structure and performance feedback: Centralization, aspirations, and termination decisions. *Organization Science*, 27(5), 1065-1083.
- Kim, H. (2014). Transformational leadership, organizational clan culture, organizational affective commitment, and organizational citizenship behavior: A case of South Korea's public sector. *Public Organization Review*, 14(3), 397-417.
- Mohapatra, S., Agrawal, A., & Satpathy, A. (2016). *Introduction to Knowledge Management Designing Knowledge Management-Enabled Business Strategies* (pp. 1-12): Springer.

- Mullen, J., Kelloway, E. K., & Teed, M. (2017). Employer safety obligations, transformational leadership and their interactive effects on employee safety performance. *Safety Science*, 91, 405-412.
- Nguyen, T. T., Mia, L., Winata, L., & Chong, V. K. (2017). Effect of transformational-leadership style and management control system on managerial performance. *Journal of Business Research*, 70, 202-213.
- Nunnally, J. (1978). *Psychometric Theory: 2d Ed.* McGraw-Hill. Hillsdale, NJ.
- Pahi, M. H., Hamid, K. A., Ahmed, U., & Umrani, W. A. (2015). The unresolved dilemma of leadership-commitment relationship: A proposed framework. *Business and Economics Journal*, 7(1), 2-7.
- Ofori, G. (2009). Ethical leadership: Examining the relationships with full range leadership model, employee outcomes, and organizational culture. *Journal of Business Ethics*, 90(4), 533-547.
- Umrani, W. A., Mahmood, R., & Ahmed, U. (2016). Unveiling the direct effect of corporate entrepreneurship's dimensions on the business performance: a case of big five banks in Pakistan. *Studies in Business and Economics*, 11(1), 181-195.
- Umrani, W. A., Kura, K. M., & Ahmed, U. (2018). Corporate entrepreneurship and business performance: The moderating role of organizational culture in selected banks in Pakistan. *PSU Research Review*, 2(1), 59-80.
- Sanders, K., Shipton, H., & Gomes, J. F. (2014). Guest editors' introduction: Is the HRM process important? Past, current, and future challenges. *Human Resource Management*, 53(4), 489-503.
- Zahra, K., Azim, P., & Mahmood, A. (2008). Telecommunication infrastructure development and economic growth: a panel data approach. *The Pakistan Development Review*, 47(4-11), 711-726.



© 2019 by the author(s). Published by Annals of Contemporary Developments in Management & HR (ACDMHR), under the terms and conditions of the Creative Commons Attribution (CC BY) license which can be accessed at <http://creativecommons.org/licenses/by/4.0/>.