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## The impact of Knowledge Management on Organizational Productivity: A Case Study on Koosar Bank of Iran

Fatemeh Torabi<sup>a</sup>, Jamal El-Den<sup>b\*</sup>

<sup>a</sup>Putra Malaysia University, Jalan Upm, 43400 Serdang, Selangor, Malaysia

<sup>b</sup>Charles Darwin University, Ellengowan Dr, Casuarina NT0810, Australia

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### Abstract

Knowledge is becoming a valuable asset for most organizations and the quest to manage this asset is gaining popularity among researchers and management. Organizational management's main objective is to ensure effective and efficient use of its diverse resources such as labor, capital, materials, energy and information in their quest to achieve competitiveness as well as to increase productivity that must be managed. In today's rapid technological change, companies are in constant struggle to maintain competitive advantage through market differentiation by providing superior products and services. The management in organizations is increasing their focus on employees' know-how, past experiences and expertise in their quest to excel in achieving their goal. In short, Knowledge has become an integral asset for most organizational functionalities. Knowledge management promises to create the proper structure and the necessary technological infrastructure in organizations and human-driven placement. This research investigates the role of "tacit" knowledge sharing on organizational productivity. Accordingly, a framework was developed and hypotheses were drawn and tested where results demonstrated interesting insights into the role of sharing on organizational productivity. The survey, which was conducted at Koosa Bank of Iran, demonstrated that the employees' intention to share and consequently the sharing of tacit knowledge has direct positive impacts on productivity. In addition, our analysis demonstrated that not only productivity would increase as a result of knowledge sharing, but also employees' innovative contributions increased as a result of exposure to others' knowledge, expertise, and experiences.

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\* Corresponding author. Tel.: +0-000-000-0000 ; fax: +0-000-000-0000 .

E-mail address: [jamal.el-den@cdu.edu.au](mailto:jamal.el-den@cdu.edu.au)

## 1. Introduction

Organizational management main objective is to ensure effective and efficient use of its diverse resources such as labor, capital, materials, energy and information in their quest to achieve competitiveness as well as to increase productivity. Iran's organizations objectives are not an exception as they similarly strive to maintain high productivity through management innovations and dissemination of policies. In today's rapid technological change, companies are in constant struggle to maintain competitive advantage through market differentiation by providing superior products and services. Among various methods, the management in organizations is increasing their focus on employees' know-how, past experiences and expertise in their quest to excel in achieving their goal. Additionally, improving the communication among employees as well as changing the organization's culture to a share-what-you-know is integral in today's organizations.

Without any doubt, Knowledge has become an integral asset for production, next to labor, land and capital [1]. Even though some forms of intellectual capital are transferable, internal/personal knowledge is not easily articulated, captured, retained, disseminated and reused. Accordingly, the knowledge anchored in employees' minds can get lost if they decide to leave the organization [2]. The basis of Knowledge management is fine strategy that the right knowledge with the right shape put in the right people. [3] Current research demonstrates organizational success as a by-product of the critical success factors of implementing Knowledge management (KM). Indeed, it should be noted that the impact of intangible (knowledge) assets is significant although they are difficult to be conveyed as they are mostly arising from encountering real situations and as a result through real experiences of employees.

In today's competitive world, productivity as a philosophy which is based on improvement strategy forms the most important goal of any organization; therefore, knowledge management promises to create the proper structure and the necessary technological infrastructure in organization and human-driven placement. Inventing new training techniques and methods for teaching manpower to control costs, improve quality and customer satisfaction, is an essential management processes. Owing to the fact that different information technologies and techniques applied in the function of knowledge management reflect various effects in separate processes as well as improving diverse indicators in the organizational efficiency, hence, today's enterprises require more information and communication in order to reduce costs given the scarcity of current resources, to shorten delivery time, to increase quality and improve productivity.

## 2. Literature review

### 2.1. Knowledge management

Individuals' knowledge consists of intangible awareness, learned facts and information which are manifested as ideas, judgments, talents, root causes, relationships, perspectives and concepts [2]. Knowledge resides in the individual's mind and only when it is articulated and/or captured and shared becomes encoded in organization processes, documents, products, services, facilities and systems provided that the employees have the intention to share what they know. Knowledge creation is integral, as knowledge is the only sustainable competitive advantage which is the result of learning. Furthermore, the creation and transmission of knowledge is seen as strategically significant as one of the fundamental processes that determine organizational learning abilities and innovation [4] Although human knowledge is intangible, dynamic, and difficult to measure, without it no organization can survive. Accordingly, organizations should introduce incentives for their employees to share what they know, as well as means of capturing and retaining that knowledge for organizational future use.

KM cycle involves both, the creation and the acquisition of organizational knowledge. Knowledge creation involves developing new knowledge or replacing existing knowledge with new content [5]. Organization have to develop a culture for the creation of knowledge through developing ways of encouraging employees to share by creating incentives as well awareness regarding the positive values and influence sharing has to the individual, the groups and the organization. In contrast to knowledge creation, knowledge acquisition involves the search for, recognition of, and assimilation of potentially valuable knowledge, often from outside the organization [6].

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