

Moderating Role of Organizational Culture between the Relationship of Knowledge Management and Organizational Effectiveness

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Abstract:

The purpose of this study is to examine the effect of knowledge management practices on organizational effectiveness by considering the moderating role of organizational culture. Questionnaire survey method was used to collect the data from different employees in health sector. Sample of 450 questionnaires were distributed by applying simple random sampling technique with a response rate of 86%. Results of study shows that Knowledge Management practices have strong positive and significant relationship with organizational effectiveness whilst this association is significantly moderated by the organizational culture. Knowledge management practices alongside with favorable culture are incorporated to improve the organizational effectiveness and managers should consider these techniques. At the end of this paper, limitations of research, implications and suggestions for future research have also been highlighted.

Keywords:

Knowledge Management, Organizational Effectiveness and organizational effectiveness.

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INTRODUCTION

Knowledge management has emerged as the technical command contributing towards enhanced the organizational effectiveness. The importance of Knowledge management has increased in much organization our world. It's using as a tool for attaining competitive edge, improving the operational effectiveness, busting up innovation. The knowledge distribution is a passion and promise for emerging the economies, as it generates the new ideas for competitive edge, through the appropriate knowledge sharing. According to which receive the results in open new horizons and innovation for which industries ultimate provide the benefits to economy (M.E. & Burke, 2011). Therefore positive culture (with ethics such as self-actualization, achievement and encouragement) helps in effective knowledge management (Cooke et al., 2003).

Some organization face the different problems like lack of infrastructure, face insufficient resources, unstable government, shortage of capital, untrained people. The previous study conducted only in main services sector. Now additional study can be conducted in different department within organization like HR, Marketing, Finance and subsectors.

The purpose of this study is to explore the effect of Knowledge management on organizational effectiveness by considering the moderating effect of organizational culture. The developed countries recognized the significance of Knowledge management and organizations spent millions of dollars to expand the effectiveness in Knowledge management system to recover or resolve the Knowledge management issues. From earlier studies Knowledge distribution and Organizational Culture recognized as the significant factors of knowledge management for learning organizations. Struggles used for knowledge management be habitually resisted through organizational culture and as the result they have narrow shock (Delong et al., 2000).

Literature Review

Knowledge Management

Knowledge Management is described a mixture of activities concerned in the dissemination, utilization and collection of Knowledge (Brain, 1991). According to Singh (2007), Knowledge Management applies the procedure of transforming information and rational assets into long- term value. Therefore, Davenport (1994) explored the Knowledge management is the procedure of catching, issuing, and efficiently spending the information.

Knowledge Management is measured as a fundamental asset of the organizations for participate organizational effectiveness however its not a lot well-known in several developing countries like Pakistan (Scheharetal, 2010). Similarly Knowledge Management has been unavoidable sing the especially origin of the modern day organizations and recent it has emerged as a systematic regulation participate the superior organizational effectiveness. Suggested the Rowley (2001) Knowledge management encompass the executive efforts in facilitating activities of acquiring, sharing, diffusing, creating, storing, developing, and deploying knowledge by individuals and groups. Facilitated the Knowledge exploitation, also called knowledge submission or knowledge completion, refers to the procedure that is oriented toward the genuine use of knowledge. (Gold et al., 2001). Previous research recognizes the significance of having an encouraging and successful knowledge to high light a firm's knowledge management initiatives (Paisittanandetal., 2007). Sussman and Siegal (2003) implied that Identify the knowledge management is fundamentally influenced by the social background in which it emerges.

Organizational Effectiveness

Yankey and McClellan (2003) declared the organizational effectiveness are the degree in which organization have meet its declared objectives and goals as well as how glowing its performance in the procedure. In

addition the organizational effectiveness are the idea of how operative the organization and attaining the outcome of the organization intends to create. (Etzioni & Amitai, 1964).

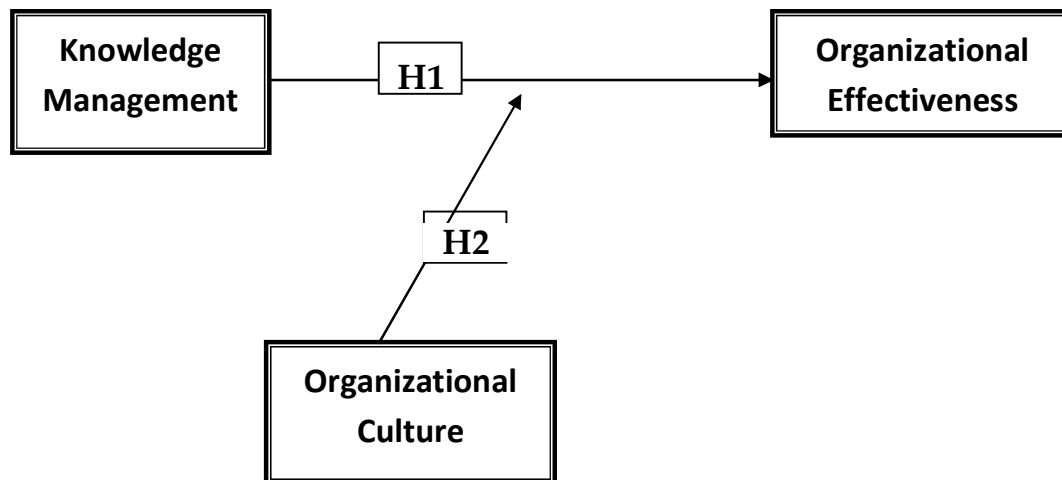
Etzioni and Amitai (1964) implied that Identify the idea of organizational effectiveness is among the majority elusive and controversial in the organization conjecture text. The most important donor to the controversy appears to exist in verity of organizational effectiveness has approach to be regarded by several as synonymous with goal achievement. Therefore high effort of management to expand and encourage the inventive culture is estimated to guide high organizational effectiveness (Alianetal., 2010).

Organizational Culture

Culture is described as the combined programming of awareness which discriminates the associate of single type of people from others (Geert, 1984). According to Deal and Kennedy (2000) culture is the system equipment that is completed in the organization. It is understood as a regular values of created indoors the organization but unfair by wider community and past procedures. In addition Cerović et al (2011) described organization's culture, beliefs, applies, resources, services, and stories all of which syndicate to make an organization irreplaceable. According to Abu-Jarad et al(2010) organizational culture are significant concept that affect mutually personality and organizational associated procedure and conclusions. Therefore control focus organization culture are suitable for in sequence security management on the other hand flexibility focus organizational cultural characteristics are collaboration and modernization is unsuitable for in sequence supervision (Shuchih et al., 2007).

It was completed that Knowledge management practices contain a strong positive relationship with organizational effectiveness whilst this association is positively moderated with the helpful organizational culture. Managers should encourage knowledge management practice as conducive culture for contribute towards organizational effectiveness. If the knowledge management is poor then the result of organizational effectiveness is low. It mean that organizational effectiveness are totally depend on knowledge management in which organizational culture play the moderated role (Danish, Munir et al. 2012). Similarly It was concluded that organizational cultures are strong positive relationship with knowledge management and organizational effectiveness'. Moreover knowledge management is positively connected to organizational effectiveness. If the organizational culture is week then the result is opposites and no impact of knowledge management on organizational effectiveness. (Mudor, 2014). In addition the result of this study will help the organizations to recognize the impact that diverse enablers contain on knowledge management successful conclusion and how the knowledge management affects the organizational performance (Meditinos et al., 2010). Moreover it was concluded that result provides the empirical evidence, culture influence the organizational learning which inside turn influence organizational performances. But the current study provide various understanding of the way in which mutual culture influence organizational outcomes (Pérez López, Manuel Montes Peón et al., 2004).Furthermore this study show the strong positive and significant relationship between knowledge management capabilities and organizational performance, with measure the all performance at level one percent significant, it means to show the great correlation among the knowledge management capabilities and organizational performance (Hussein et al. 2012).

Theoretical Framework



H1: There is a significant and positive relationship between Knowledge Management and Organizational Effectiveness.

H2: Organizational culture significantly moderates on the relationship of Knowledge Management and Organizational Effectiveness.

Methodology:

The basic purpose of the study is to explore the effect of Knowledge management on organizational effectiveness by considering the moderating effect of organizational culture.

Questionnaire Design

We used survey method to discover relationship between Knowledge management and organizational effectiveness by considering the moderating effect of organizational culture. Questionnaire is used in survey. Questionnaires is comprises two sections. First section is related to the personal profile of the respondents including their gender, age group, educational level, nature of employment and length of employment. Second section deals with the under study variables (Knowledge management, organizational effectiveness, organizational culture).

Sampling

The population is employees of all Health organization in district Gujranwala. As for as sample size is concerned, Hair et al (2010) described a thumb rule that sample size can be obtained by multiplying the total items in a questionnaire by 10 so by following his methods, sample size for current study is 230. Data has been collected by applying simple random sampling technique because its most of the studies in social sciences adapted this technique.

Measures

Survey method was applied to check the relationship among under study variables. Questionnaire used to collect data. All the scales used in the study taken from previous research. Knowledge Management: Followers' perception regarding knowledge management measured with the five likert scale and 8 item scale adopted from (Vukšić et al., 2012). Organizational Effectiveness: Forgathering data about organizational effectiveness measured with the five likert scale and 11 item scale adopted from (Eydi 2013). Organizational culture: 4 items scale of Nguyen (2010) adopted to collect the responses regarding Organizational culture.

Data Collection Method

The list of Health organization was obtained from official website of different Organization. A total of 450

questionnaires were distributed in different Health organization. Questionnaire survey method was adopted for collected the responses. Firstly arranged meetings with HR manager and then randomly selected 400 employees for collecting responses. The time One week is given to all respondents. After given period questionnaire collected from all employees and appropriate statistical tools used to generate effective results.

Data Analysis & Findings

Table 1:

Construct	Mean	SD	α	1	2	3
1 Knowledge Management	3.81	.414	.85	--		
2 Organizational Culture	4.23	.486	.80	.466*	--	
				*		
3 Organizational Effectiveness	3.89	.445	.79	.508*	.395*	--
				*	*	

The above-mentioned table 1 is showing the reliability, Pearson correlation and descriptive statistics among all understudies variables. The maximum correlation existed between organizational Effectiveness and Knowledge Management which is valued at 0.508. It is shimmering that Knowledge Management and organizational Effectiveness are positively associated with each other through a reasonable standard deviation. Other variable named as organizational culture is also correlated with each other. The mean values are screening the trend of responses most of them are lied towards agreeableness. The results indicates alpha values in favor of all variables are in acceptable range to verify of data reliability.

Table 2 Fit Indexes :

Fit Indices	CFA	SEM
Chi-square/df	3.02	2.99
GFI	0.96	0.94
AGFI	0.80	0.82
CFI	0.93	0.95
RMSEA	0.06	0.07

Table 2 is presenting the results of model fitness from both CFA and SEM dimensions. Goodness of fit index is given at the first place which represents the variance covariance matrix and as its value is greater than 0.90 so it is declaring a good fit of the model. AGFI is adjusted GFI whose value is greater than 0.8 which is quite good to prove that model is good fit. CFI is representing the comparative fit index which is showing more realistic values that are proving that model is near to absolute fit due to greater than 0.9 value. RMSEA is root mean square error of approximation whose value is lesser than 0.10 so that is also indicating the good fitness of model.

Table 3 Psychometric Analysis :

	CR	AVE	KM	OC	OE
KM	0.853	0.664	0.440		
OC	0.842	0.554	0.232	0.306	
OE	0.814	0.611	0.241	0.311	0.373

The above mention table 3 is representing the discriminate and convergent validity of the model as the values of AVE and composite reliability are greater than 0.5 and 0.8 respectively that's why this model has

convergent validity. As far as discriminate validity is concerned, it depends upon the values of square root of AVE which must be greater than the correlation values. As in table, the values of correlation are less than the values of square root of AVE so discriminate validity is also present in the model.

Table 4
Regression Weights :

<i>Estimate</i>		<i>S.E.</i>	<i>C.R.</i>	<i>P</i>		
OE	<---	KM	.451	.088	.057	.01

Table 4 shows regression weights significance level for relationship hypothesized in H1. The results provide an evidence that knowledge management have a positive but significant impact on organizational effectiveness ($p > 0.05$), therefore H1 are supported. SEM analysis showed the positive estimates and S.E in relation with independent variables to dependent variable.

Table 5 MODERATION ANALYSIS

Model					
	coeff	se	t	p	
int.	.40	.1	3.5.02		
Interactions:					
int_1	S_A	X	P_O_S		
R-square increase due to interaction(s):					
R2-chng	F	df1	df2	p	
int_1	.08	12.1	1.0	111.0	.01

In table 5 the model outcome as shown being having coefficient value $0.40 > p$ value of 0.02 and the interaction value of r^2 being $0.08 > p = 0.01$ provides a supportive result for the moderating factor of being involved in the study. The statistics values as shown in above table of moderation analysis provides a supportive results for the moderating role of Organizational Culture between Knowledge Management and Organizational Effectiveness.

Discussion

In globally knowledge management considered important strategic management tools for boosted up the organizational effectiveness. The core purpose behind study is to explore the effects of Knowledge Management on Organizational Effectiveness by considering the Moderating affect of organizational culture. in favor of this intention survey questionnaire technique was used. Data was collected by using random sampling method from district Gujranwala within the phase of one month. After applying the entire required tests in SPSS 21 results provide evidence that knowledge management have a strong positive influence and significant impact on organizational effectiveness. If no convey the knowledge management in organization then organizational effectiveness goes to negative region. The effective knowledge management in

organizations leads to construct innovation environment. Current study also sported the previous studies because in service sector there is also positive and significant relationship between knowledge management and organizational effectiveness by allowing for the Moderating affect of organizational culture. Knowledge management and organizational culture both contribute to advantage the organizational effectiveness and to achieve competitive advantage.

Practical implication

To manage the knowledge management practices is need of time. Managers should encourage and develop the knowledge management practice in the organizations to increase the organizational effectiveness. These struggled are extra likely to live successful if these practices be accompanied by contributing to culture. This article helps the service organization and focuses on KM and creates the supportive culture in order to enhance the organizational effectiveness. The culture should be promoted if providing knowledge, awareness and understanding about KM and its significance within the institution. Simulations are also significant to make employees memorable with the necessary processes about knowledge distribution and culture.

Limitation and Future Directions

The current focused on moderating role of OC on the involvement of KM and OE. It ignored the other factor which may influence the organizational effectiveness, in future researchers can consider that ignored factor in their studies. The paper is primarily focuses on Health sectors therefore the results may be not generalized and only limited in health sector. Sample size was not adequate due to lack of time and financial constraints, so further studies can use other sampling techniques with large sample size. Further research can be conducted to recognize Knowledge management practices role On organizational effectiveness in different departments inside organization like HR, Marketing, Finance, and other sub-sectors etc, and outside organization like two sector compare, other country, other culture, other variables etc.

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