

**ASSESSMENT OF THE KEY SUCCESS FACTORS OF STRATEGIC  
KNOWLEDGE MANAGEMENT THAT INFLUENCE ORGANIZATIONAL  
PERFORMANCE: A CASE OF AAR INSURANCE HEADQUARTERS - KENYA**

**BY**

**RUKUNGU JACKLINE NYAMBURA**

**UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA**

**SUMMER 2015**

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**A Research Project Report Submitted to the Chandaria School of Business in Partial  
Fulfilment of Requirement for the Degree of Masters in Business Administration  
(MBA)**

**UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA**

**SUMMER 2015**

## STUDENT'S DECLARATION

I, the undersigned declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University in-Africa Nairobi for academic credit.

**Signed** \_\_\_\_\_

**Date:** \_\_\_\_\_

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This proposal report has been presented for examination with my approval as the appointed instructor.

**Signed** \_\_\_\_\_

**Date:** \_\_\_\_\_

Mr. P. Mulindi

**Signed** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Dean, Chandaria School of Business**

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## **ABSTRACT**

The purpose of the study was to assess Key Success Factors of Strategic Knowledge Management (SKM) of AAR Insurance. The study was guided by the following research questions: What is the influence of culture related factors of SKM on organizational performance? What is the influence of people related factors of SKM on organizational performance? What is the influence of structure related factors of SKM on organizational performance?

This research adopted a descriptive research design on a population of AAR employees comprising 110 employees out of which a sample size of 86 respondents was targeted. The sampling technique used for the study is stratified random sampling. This study made use of questionnaires as the main tools of data collection. The questionnaires were structured and were administered to all the sample respondents. Prior to the study, a pre-test survey was conducted to test validity and applicability of the questionnaire. A total of 60 questionnaires were returned from data collection. Subsequently, collected data was examined using both inferential and descriptive statistics. The analysed data was presented in form of tables.

The study revealed that at AAR communication is important and plays a major role in influencing the performance of employees. Knowledge and information transfer for problem-solving purposes is encouraged in the organization and the organizational environment enables employees to freely access information. Additionally, the form of leadership adopted promotes employee productivity, leadership and support is enabling and promotes employee productivity. Finally, trust promotes knowledge sharing and finally is one of the major strengths in the organization.

The study further revealed that at AAR employees are adequately empowered, with empowerment initiatives rated as extremely satisfactory resulting in high employee productivity. The employees are highly satisfied with the training provided by the organization which has significantly improved their performance and their contribution to decision-making processes. In addition, the culture of team work embedded has enabled employees to perform their duties better and the structure of the organization promotes effective collaboration among employees.

The study also revealed that a majority of the respondents were in agreement that at AAR information technology is used to promote knowledge creation, transfer and sharing among its employees. The organization provides sufficient training to its employees on how to use technology to improve performance. Organizational processes are well aligned and there is sufficient coordination of organizational functions, knowledge and information dissemination. Operational decisions follow strict hierarchical protocols. Markedly, employee skill development is influenced by knowledge sharing among co-workers and finally the organization encourages employees to learn from experience and adopt new work strategies in order to improve their performance.

Culture-related factors, people-related factors and structure related factors are identified in the study as vital areas with regard to organizational performance and productivity. With regard to culture related factors the study identifies that knowledge transfer and communication as well as trust are encouraged and influence performance, and leadership and support are also managed in a manner that promotes productivity. People related factors comprising employee empowerment, employee training and employee involvement are also encouraged in the organization and have a positive influence on performance. Lastly, the study identifies information technology, organizational processes and organizational learning as key structure related factors that positively influence performance in the organization.

The study recommends that organizations should put into consideration various cultural related factors that affect employee performance, so as to ensure that they are properly aligned with the organization's long term plan. This will go well with the organization interests and in the long run will result into improved performances. The study further recommends that organizations consider people as one of the valuable assets to the organization, and as such they need to well empower employees so as to be able to effectively carry out their tasks in a manner that will also enhance the performance of the organization. Finally the study recommends that organizations should properly align structure with their strategy so as to enhance efficiency of the various business units. In the same regard, there is need to streamline the operations of the organizations in order to better the performance of the organization.

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## **DEDICATION**

Dedicated to my beloved parents for being the pillars in my life, for nurturing me, guiding me and being my source of inspiration.



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## **ABBREVIATIONS**

<b>KM</b>	Knowledge Management
<b>KSFs</b>	Key Success Factors
<b>SKM</b>	Strategic Knowledge Management
<b>SMEs</b>	Small and Medium Enterprises
<b>IT</b>	Information Technology

## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background of the Study

Strategic Management is a relatively new field of management that emerged from other areas such as economics, sociology, management and marketing. Chatterjee (2014) has defined strategic management as “the continuous process of determining the mission and goals of an organization within the context of its external environment and its internal strengths and weaknesses, formulating appropriate strategies, implementing those strategies, and exerting a strategic control to ensure the organization’s strategies are successful in attaining its goals”. Porter has also contributed immensely to this discipline through his contribution to competitive strategy. Over time, strategic management has evolved and advanced and currently focuses on different elements among them being the concept of organizational resources and competitive advantage (Jasper and Crossan, 2012).

Organizational resource management is a major topic of strategic management that focuses on the capitalization of firms’ resources as a means of gaining an advantage (Schiuma and Carlucci, 2012). Currently, companies are considering leveraging intangible assets including intelligence incorporated into the systems and processes (Awad and Ghaziri, 2007). Furthermore, continuous improvement of core competencies has gained great importance in most corporate organizations, as elsewhere (Jasper and Crossan, 2012). As a result, effective Knowledge Management (KM) as a core organizational resource has become prevalent and a critical factor for consideration. Knowledge use, sharing, retention and dissemination are critical elements for an organization to sufficiently and optimally utilize this resource (Schiuma and Carlucci, 2012).

Knowledge Management is a concept under strategic management, rooted in other areas such as economics, business, psychology, and information management. Understanding what this discipline involves is fundamental to successful implementation of SKM as an organization’s strategic goal. Awad and Ghaziri (2007) suggest that Knowledge Management can be defined as “the effective management of sharing and retention of information in an organization; the use of management techniques to optimize the acquisition, dissemination, and use of knowledge.”

KM has also been described as the process of managing corporate knowledge through an organizationally-specified and systematic process for organizing, acquiring, sharing, applying, and sustaining knowledge within the organization (Schiuma and Carlucci, 2012). This process enables an organization to utilize its information and knowledge resources, which aids in attaining high performance through increased efficiency, employee productivity, and organizational responsiveness (Wentland, 2009).

Knowledge as a resource is continually considered an important corporate asset, and it possesses unique characteristics that distinguish it from other resources (Pugna and Boldeanu, 2014). These attributes include: the fact that knowledge cannot be lost through transference, it cannot be depleted after use, and lastly it is abundant, although the ability to use it is limited. These attributes make knowledge an indispensable resource and considerably easy to manage, store and use. Furthermore, these attributes further make this resource highly compatible with Information Technology (IT) systems (Schiuma and Carlucci, 2012).

The concept of Strategic Knowledge Management (SKM) is acquired from KM whereby, the strategic process is incorporated. Often knowledge strategy and Strategic Knowledge Management processes tend to overlap (Gjurovikj, 2013). The two concepts can be elaborated by distinguishing between the issue of an organization's attempt to share what they are aware of, which defines the foundation of knowledge strategy, and what the organization needs to be aware of, which is a foundation of SKM. Knowledge strategy is an initiative built around an organization's capabilities and resources (Schiuma and Carlucci, 2012). On the other hand, Strategic Knowledge Management entails adopting knowledge competencies in processes, systems, and infrastructure so as to maximize efficiency.

SKM as a strategic process involves interaction and exchange of information between different areas or sectors (Pugna and Boldeanu, 2014). Notable areas to be focused on in this study are culture, people, and processes. These areas have been identified in other studies as significant organizational dimensions to be assessed in SKM implementation (Wong, 2005). Furthermore, it is critical for organizations to determine key factors within each area when planning on leveraging on knowledge as a resource (Wong and Aspinwall, 2005). This is the case because different areas in an organization are often interdependent and are influenced, either directly or indirectly, by similar factors.

Effective KM among organizational sectors enables efficiency in strategic processes that subsequently translate to a competitive advantage for organizations.

The ability of an organization to manage knowledge has become increasingly essential more so in current times because creation and diffusion of knowledge play a fundamental role in sustaining a firm's competitiveness and productivity (Pugna and Boldeanu, 2014). Wong and Aspinwall (2014) identify critical success factors of SKM as areas which, if implemented satisfactorily ensure success and competitive performance for companies, and that the most relevant areas for an organization should be identified. Organizations are influenced differently by diverse critical factors. Therefore, key factors in one organization or industry may not be key or of superior importance in another.

Culture in organizations refers to the work environment and comprises mainly of the attitudes, values, and nature of carrying out organizational practices (Burtonshaw-Gunn, and Salameh, 2009). Culture is observable from the interrelationship among employees, and behaviour of individuals and teams. According to Raula, Vuksic and Stemberger (2012) organizational culture greatly influences internal relations within an organization, which has a significant impact on efficiency in carrying out operations. Burtonshaw-Gunn and Salameh (2009) identify that defining a specific type that is applicable across the board is unfeasible. To this end, the author emphasizes that the most important thing is for an organization to identify a culture that is most suitable and advances an organization's goals and objectives. To this end, a knowledge-based organization ought to adopt a culture that upholds effective KM management.

'People' is the second dimension to be focused on, a concept that refers to the human resources in an organization (Quartey, 2012). 'People, from a management point of view involves a focus on individuals and groups and their influence on organizational development and growth. The concept of people is also greatly associated with leadership and stewardship, and the role the two factors play in promoting the efficiency of human resources (Demirci and Erbas, 2010). The primary function of the aforementioned factors is to influence organizational behaviour so as to create an environment that promotes proficient functionality for each individual, as well as, teams. People play a significant role in organizations as they form a foundation on which strategies are formulated, innovations are adopted, and organizational learning is achieved. Additionally, people and human factors are embodied in all organizational processes. To this end, Quartey



(2012) emphasizes the need for effective management of people as an independent or exclusive organizational component.

Organizational structure is the third dimension, and it is defined as the arrangement and coordination of operations and processes in an organization (Miles and Snow, 2000). It also identifies the design with regard to roles, responsibilities, line of flow of information, and internal interrelationships between individuals and departments (Miles and Snow, 2000). Galbraith 2002 identifies that there are different types of organizational structures. The type of structure adopted in a firm influences the flow of processes and operations, which has a significant impact on performance. Furthermore, different organizations have different structures, because of the many organizational factors such as leadership, decision-making, the nature of operations, policies and regulations, organizational culture and development. Galbraith (2002) emphasizes that despite the type of structure adopted it is fundamental for an organization to ensure that the design acts as an enabler of performance.

This study is a case of AAR Insurance Company. African Air Rescue (AAR) Company is a private insurance company in Kenya, which was initially started as a rescue organization in 1984 (Zikusooka and Kyomuhangi, 2007). Over the years, the company has experienced extensive growth within the country and also in the East African region with a presence in Uganda, Tanzania, and Zambia. AAR's main operations have been in medical insurance, until recently, in 2014 when the company launched its new business venture in general insurance, which will cover both medical and non-medical insurance covers (Zikusooka and Kyomuhangi, 2007). The insurance industry has notably become competitive with the main players such as Britam, CIC, Pan Africa and Jubilee including AAR, competing intensively for the market (Mose and Kuloba, 2013). Consequently, it is critical for companies to effectively manage their operations so as to not only be competitive, but also meet the demand of the market sufficiently and efficiently.

Organizational performance can be identified as a company's or organization's degree of realizing set goals and objectives based on different organizational parameters (Bray and Konsynski, 2015). Notably, measurement and determination of organizational performance varies from one field to another. Additionally, a universal and precise definition of organizational performance has not been distinctly identified (Raula, Vuksic and Stemberger, 2012). However, different scholars have defined the concept in various

ways. However, despite the varying definitions across the board, a common factor is the fact that performance is identified as a measure of an organization's accomplishment as a dependent variable of multiple organizational factors.

Gjurovikj (2013) defines SKM as a significant element in promoting organizational performance. For instance, effective implementation and utilization of SKM is identified as an enhancer of employees' productivity, which translates to organizational productivity (Pugna and Boldeanu, 2014). According to Wong and Aspinwall (2005), organizational productivity influenced by SKM application entails factors such as increased efficiency, increased employee output, and improved customer satisfaction. Nonetheless, SKM also enables an organization to attain other multiple primary and secondary benefits. For instance, effective knowledge sharing promotes organizational development through the resultant employee empowerment. According to Pugna and Boldeanu (2014), SKM management is best pioneered by a company's management team since this factor mainly falls under corporate decisions. It is, therefore, critical for the leadership in an organization to be knowledge-oriented so as to promote the implementation of SKM as an independent variable for performance.

## **1.2 Statement of the Problem**

SKM can be especially challenging for organizations because of the complexities involved. This is so especially because knowledge is an intangible asset. Additionally, knowledge is embedded in the environment of a firm and cannot be separated and dealt with separately in a similar manner as some organizational factors such as, management systems and tangible assets (Pugna and Boldeanu, 2014). Consequently, effective leveraging on SKM to gain organizational benefits associated with it becomes challenging. Furthermore, there are many success factors associated with SKM, and they have different effects on organizational performance and productivity (Akhavan, Mostafa, and Mohammad, 2006). Notably, some success factors are more relevant than others, and they vary from one sector, field or organization to the other. To this end, it is critical for organizations to identify KSFs that best supports an organization's goals and objectives. Often organizations fail to identify distinct success factors necessary for effective SKM in a given a context or field. This practice gap arises, mostly, because knowledge is often not considered a core organizational asset and resource, and thus its

management is taken leniently (Akhavan *et al.*, 2006). However, increased emphasis and research on SKM has created awareness and development of models necessary for effective implementation of SKM in organizations.

Multiple studies have been done on factors and models that influence success in SKM implementation (Wong and Aspinwall, 2005). KSFs necessary and primary to the process have also been identified. Case in point, Akhavan *et al.*, (2006), focused on multinationals, whereas Wong and Aspinwall (2005) focused on Small and Medium Enterprises (SMEs) firms in the UK. Moreover, Mas-Machuca and Martínez (2012) focused on KSFs in the consulting sector, and Pugno and Boldeanu (2014) focused on Romanian companies. Of the multiple studies carried out there lacks one with a focus on the Kenyan insurance industry. This study will thus focus on the Kenyan insurance industry context with a specific focus on AAR Insurance Company.

In assessment and evaluation of KSFs key dimensions to be used for this study are culture, people and structure (Gjurovikj, 2013). The study narrows down on these three dimensions as they are identified in prior studies as critical areas in SKM that promote change, in particular improved organizational performance; other dimensions include process, strategy, relationships, compensation, and control strategies (Zanjani, Abadi and Zare, 2011). The study will focus on KSFs within the aforementioned dimensions and their potential influence in organizations. Furthermore, the case study will be AAR-Kenya, a Kenyan insurance company. The insurance industry in Kenya is promising and growing at a relatively high rate. As indicated in the 2013 insurance industry report by the Insurance Regulatory Authority (IRA), key growth areas are: development of niche markets, overall business volumes, and product marketing (Mose and Kuloba, 2013).

### **1.3 Purpose of the Study**

The purpose of this study was to assess the Key Success Factors (KSFs) of Strategic Knowledge Management that influence organizational performance.

### **1.4 Research Questions**

**1.4.1** What is the influence of culture related factors of SKM on organizational performance?

**1.4.2** What is the influence of people related factors of SKM on organizational performance?

**1.4.3** What is the influence of structure related factors of SKM on organizational performance?

## **1.5 Importance of Study**

### **1.5.1 Insurance Industry**

The insurance industry stands to gain from this research study as organizations can consider using recommendations given on performance improvement. The study focuses on an insurance company hence providing a possibly viable platform on which other organizations in the insurance industry can use to employ SKM. Basically, organizational factors assessed, and conclusions drawn offer possible SKM success factors. Understanding SKM is essential for organizations that seek to obtain a competitive edge and sustainable advantage.

### **1.5.2 To other Organizations**

Knowledge Management is a concept applicable across the board, and as a result organizations, irrespective of their operations, stand to benefit from it (Wong, 2005). This study will provide information on key dimensions that organizations can focus on in the process of SKM implementation. The study will also identify KSFs that apply in the Kenyan insurance industry context, and can be used further as a guideline in the research of KSFs in other contexts.

### **1.5.3 Employees**

Employees will also benefit from this study. The focus on organizational dimensions that is people, culture, and processes will empower the management and employees who stand to gain by acquiring information KSFs that promote effective knowledge management.

### **1.5.4 Researchers and Scholars**

This study significantly contributes to the field of Knowledge Management, especially in Strategic Management. Strategic Knowledge Management process entails identification of KSFs, which influence its effectiveness and success. An assessment of the Kenyan context adds new knowledge to existent research.

## **1.6 Scope of Study**

This research study assessed the key success factors of SKM, which influence organizational performance. The primary goal of the study was to identify KSFs under

the three organizational dimensions identified, namely, culture, people, and structure. The objective of the study is to investigate these factors through research and data collection from employees at AAR Insurance headquarters. The target population of the study was 110 AAR employees, who includes the management team, team leaders, general staff, and support staff. Data was collected using a questionnaire as the primary tool, and the process was conducted and analyzed in June 2015. The study was dependent on the availability of subjects to be assessed, within the time allocated for the research, that from May 30<sup>th</sup> to June 15<sup>th</sup>. The aim of the research was to show the degree of influence or importance of success factors of SKM on organizational performance. Furthermore, data analysis was used to identify KSFs at AAR that influence performance. The findings brought to light success factors of SKM that organizations can adopt to promote performance. The main limitation of the study was that recommendations and conclusions arrived at may not be applicable for all organizations across the board. Therefore, in order to obtain a more holistic understanding of KSFs in SKM further research is required.

## **1.7 Definition of Terms**

### **1.7.1 Culture**

Combination of defining elements of an organization's environment also known as expressive symbols, which include values, beliefs, attitudes, and organizational practices that dictate appropriate behaviour, and are shared among the members (Pugna and Boldeanu, 2014).

### **1.7.2 Knowledge Management**

KM is the Effective management of the creation, retention, and sharing of information, involving the use of management techniques to optimize acquisition, dissemination, and utilization of knowledge (Awad and Ghaziri, 2007).

### **1.7.3 Knowledge Strategy**

An idea of a competitive knowledge-based strategy built around an organization's capabilities and resources (Awad and Ghaziri, 2007).

### **1.7.4 Key Success Factors**

Areas in which, if implemented satisfactorily ensure success and competitive performance for a company or organization (Wong, 2005).

### **1.7.5 Strategic Knowledge Management**

The processes, systems and infrastructure established in organizations to create, acquire, and share knowledge for formulating strategy and attaining a competitive advantage (O'Sullivan, 2008).

### **1.7.6 Organizational Structure**

This concept refers to the manner in which organizations activities are coordinated, divided and organized (Gjurovikj, 2013).

### **1.7.7 People**

Human resources in the organization comprising personnel, human resource management, communication and inter-relationships between individuals or groups (Akhavan *et al.*, 2006).

### **1.7.8 Organizational Performance**

This is a complex, multi-dimensional organizational factor comprising financial and non-financial indicators of an organization's achievement of goals and objectives, and results obtained (Wentland, 2009).

## **1.8 Chapter Summary**

**1.4.4** This chapter provides information on the scope of study in light of factors influencing SKM. The focus of the study is on the challenging issue of effective SKM implementation for the purpose of performance improvement. Particular factors associated with SKM influence performance and their influence varies from one organization to another as identified. Furthermore, this chapter highlights the main purpose of the study which is to assess the Key Success Factors (KSFs) of SKM that influence organizational performance. Additionally, it entails research questions of the study, which are one, what is the influence of culture related factors of SKM on organizational performance. Secondly, what is the influence of people related factors of SKM on organizational performance. Thirdly, what is the influence of structure related factors of SKM on organizational performance. Furthermore, the chapter highlights the importance of the study for the insurance industry, other organizations, employees at AAR and researchers and scholars. In addition, the scope of study covers culture, people and structure as the main core dimensions of study.

Chapter two will provide a detailed literature review of the factors that impact strategic KM specifically cultural factors, people factors, and structure. The literature review will analyze the contribution of other academic sources, which will aid in providing an informed conceptual background. Chapter three entails the research methodology which comprises sampling techniques to be used, research design and population of study among others.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

Strategic Knowledge Management (SKM) is the process that entails a systematic approach of capturing, codifying, transferring, and disseminating knowledge in an organization. SKM entails particular factors that are essential in the successful usage and application SKM. A major advantage obtained by organizations applying SKM is performance improvement (Burtonshaw-Gunn, & Salameh, 2009). Performance improvement is derived from effectiveness and efficiency in management of knowledge processes within different organizational dimensions (Raula, Vuksic & Stemberger, 2012). Key dimensions to be focused on in this chapter are culture, people and structure. The culture related factors reviewed in this study are communication and knowledge transfer, leadership and support, and trust, while people related factors entail employee empowerment, employee training and employee involvement. Lastly, structure related factors reviewed in this study included information technology, organizational processes and organizational learning. These form the key factors of SKM that could influence the performance of an organization.

#### **2.2 Culture and Strategic Knowledge Management**

Organizational culture is a shared understanding within a group comprising of values and behaviors that people attach certain meanings. According to Pugna and Boldeanu (2014), organizational culture is a representation of values, customs, beliefs, attitudes, norms and systems of a group that are shared and are used to define virtues and acceptable behavior within the group. The study of organizational culture has gained much emphasis in the discipline of strategic management as it forms a core platform for organizational processes (Raula, Vuksic and Stemberger, 2012). Pugna and Boldeanu (2014) denotes that a positive organizational culture enables effectiveness and efficiency in organizational processes, and consequently promotes high performance.

In contemporary society, modern organizations are progressively adopting SKM strategies to be more customer-oriented, flexible and adaptive (Wong, 2005). KM initiatives deliver benefits and enable an organization to develop new capabilities as well as the advancement of present capabilities. Benefits derived from SKM involve an



outcome of behavior and actions that provide utility for the organization, as well as, invest in the future of an organization (Gjurovikj, 2013). Although, SKM management and its application as a tool for improved performance has been identified as a popular challenge in the business world, successful organizations have been able to realize its benefits and value.

In the discipline of KM, identification of KSFs that are critical, since the effective implementation of SKM has become of core importance. Most studies focus on organizational departments or areas that play a primary role in knowledge creation, capturing, application, sharing, and storage. Notably, several studies, lay emphasis on strategy, purpose, leadership, processes, human resources, structure, culture and measurement as KSFs in most cases (Gjurovikj, 2013; Wong, 2005; Zanjani, Abadi, and Zare 2011). Other studies narrow-down and identify fewer factors as the most impactful in the given case analysis (Viron, Lederer, Jaegere, and Vas, 2010). In essence, the contribution from different researchers aid in identifying the most recurrent factors, and the ones specific to particular circumstances (Zanjani, Abadi, and Zare, 2011). This study will focus on three culture related factors, that is communication and knowledge transfer, leadership and support, and trust.

### **2.2.1 Communication and Knowledge Transfer**

Communication and knowledge transfer are correlated and key factors that depict an organization's culture. The nature, type and channels of communication adopted in a given organization greatly influence the effectiveness of knowledge transfer (Bechina and Ndlela, 2008). Basically, these factors are entwined and affect the extent to which SKM is successfully achieved. An organization with effective communication channels promotes timely and appropriate transfer of information from one player or point to the other (Raula, Vuksic and Stemberger, 2012). Additionally, communication efficiency significantly determines the extent to which an organization is able to leverage on knowledge assets. In addition, knowledge transfer in the organization acts as a link among the personnel and departments in the firm. An organization with effective communication systems is able to readily leverage on the benefits derived from knowledge transfer and dissemination.

Bechina and Ndlela (2008) research on the transferability nature of knowledge emphasizes on the sticky nature of knowledge in terms of ease of movement between

individuals. Furthermore, Hu, Chiou, and Lin (2012) also denotes that knowledge is highly context-dependent in organizations hence heightening the stickiness and complexity of its transfer. Effective management of knowledge transfer is a critical factor in attaining SKM as an enabler of high performance. To this end, Awad and Ghaziri (2007) emphasizes that replication and adaptation include basic elements that facilitate effective knowledge transfer. Replication emphasizes the importance of aligning communication channels and ensuring there is compatibility that allows appropriate transfer, decoding and retention of information, whereas adaptation entails instituting moderations and guidelines that integrate operations with organizational context.

The impact or influence of communication and knowledge transfer on organizational performance varies from one organization to the other. Additionally, Gholami, Nazari, Nazari- Shirkouhi, and Noruzi (2013) denotes that the degree of impact is determined by a number of factors, such as, the skill level of employees, the structural framework of the organization and nature of interpersonal relations. For instance, highly skilled employees with a high level of education are likely to leverage easily on benefits of knowledge transfer as opposed to lowly-skilled employees. Nonetheless, Raula, Vuksic and Stemberger (2012) denote that an organizational culture that promotes knowledge transfer is better placed to respond to environmental turbulence and customer needs than one with poor knowledge transfer systems. Furthermore, decision making and efficiency in service delivery are also affected in a similar way.

### **2.2.2 Leadership and Support**

Leadership plays a key role in determining the type of culture adopted in an organization. Leadership also plays the role of providing organizational direction by identifying and implementing strategy and key organizational competencies (Gjurovikj, 2013). However, leadership acts as a point of reference, and thus ought to obtain necessary support and collaboration from the employees so as to ensure strategy and organizational capabilities are attained (Takahashi, n.d). Therefore, leadership team ought to create a clear vision and organizational guidelines on how to attain priorities aimed at realizing the organizational culture (Hung, Wu, and Huang 2011). Additionally, the leadership team ought to create a consolidated and flexible corporate culture through learning, alignment and incentives among other strategies. This concept is of essence because effective

leadership is critical in promoting effective knowledge management processes (Wong, 2005).

Conventional leadership theories such as the behavioral and traits theories lay much focus on the leader's attributes and emphasized the importance of qualities that promote effective leadership (Chase, 1997). However, developments in this school have re-defined the meaning of leadership and currently emphasize the importance of a relationship-based leadership (Palestini, 2009). Wong and Aspinwall (2005) contribute to this ideology with regard to effective SKM. The authors denote that strategic leadership involves building confidence and commitment among employees attained through instilling confidence, equity, and self-efficacy (Raula, Vuksic and Stemberger, 2012). These elements are also identified as building blocks of a support system in an organization, and they greatly influence and promote organizational performance.

Gholami *et al.*, (2013) denotes that organizational performance in a contemporary world mainly depends on intangible strengths and assets more than tangible assets. The author identifies that knowledge is a critical intangible asset that promotes or boosts organizational efficiency and performance (Raula, Vuksic and Stemberger, 2012). A firm's performance is highly influenced by the ability of an organization to transfer and disseminate information, with regard to SKM. Most researchers concur that leadership plays a key role in ensuring effective KM. In essence, the behavior of leaders in managing knowledge as an asset greatly determines the behavior and attitude of employees, towards knowledge. Furthermore, leadership is identified as a major success factor of SKM in multiple studies, and its significance in promoting organizational performance is emphasized (Raula, Vuksic and Stemberger, 2012).

### **2.2.3 Trust**

Trust is a major influential factor of interpersonal relationships. Markedly, the norms and attitudes of an organization play a major role in defining the level of trust among employees. Trust among employees is mainly depicted in situations of risk, indifference or change, and is characterized by integrity, ability and benevolence (Gjurovikj, 2013). Bray and Konsynski (2015) emphasize that if organizational trust lacks, employees become less receptive to knowledge exchange behaviors as the link among individuals is weak and non-productive, which has a negative effect on performance. The effectiveness and stability of internal organization relationships has a major effect on the extent to

which employees are able to cooperate and work as a team. Trust management can be especially challenging because it is a psychological component that cannot be implemented solely through guidelines, obligations or rules of an organization (Ho, Kuo, Lin, and Lin, 2010).

Organizational cultures vary from one firm to the other, and there are those that encourage and sustain trust, whereas others are deprived of it (He, Fang, and Wei, 2009). Trust is a major organizational factor that majorly defines the type of culture adopted within a firm. A culture that builds and maintains trust is highly growth-oriented and innovative. According to Ho, Kuo, Lin, and Lin (2010) it is important for an organization to form the right foundation for a culture that supports trust building. Major foundational factors considered primal are fairness, credibility and respect. The author notes that these attributes are best instilled through modeling by the firm, particularly the leadership team. An organizational culture that comprises trust as a defining characteristic, in turn attracts employees' cooperation and commitment to organizational goals and objectives.

The presence of trust in an organization plays a basic role in facilitating collaboration and cohesiveness, which are critical in the successful implementation of a strategy and general running of operations in an organization (Hu, Chiou, and Lin, 2012). Bray and Konsynski (2015) identify that inter-employee trust has a significant influence on knowledge transfer and dissemination. Taking into consideration factors such as knowledge transfer and the role of leadership that are considerably dependent on cooperation, it becomes critical for an organization aiming for success to instill trust amongst the employees (He, Fang, and Wei, 2009). Trust building can be obtained by instilling essential factors such as integrity among all employees, just interpersonal values, effective communication, equality and ethical conduct (Ho, 2010). Hu, Chiou, and Lin (2012) asserts the importance of trust in organizations that seek to attain effective knowledge management (Bray and Konsynski, 2015). Resultantly, it becomes possible for the organization to successfully implement SKM and resultantly, improve efficiency through increased competence.

### **2.3 People and Strategic Knowledge Management**

'People' is a significant element in effective KM management and implementation. This concept refers to or entails organizational human factors, mainly human resource. The concept is of great organizational significance because of the role human resources play

in an organization. To this end, Demirci and Erbas (2010) emphasize that it is of great significance to manage people as a unit and focus on factors that influence and affect their performance. Key SKM factors influenced by people include communication, information technology, coordination, alignment, benchmarking, performance improvement, knowledge sharing, collaboration, teamwork (Takahashi, n.d). However, it is important to note that human resources play a major role in all organizational processes, either directly or indirectly. Markedly, the development of people or personnel often translates to organizational productivity and development.

SKM implementation is facilitated through a number of identified SKM models. Different studies use different SKM models to analyze and assess organizational environments and the extent to which the organizations are compatible with SKM. Notably, most studies apply Meyer and Zack's, Wiig's and Nonaka and Takeuchi's models (Evans, Dalkir, and Bidian, 2014). These models provide phases through which SKM implementation is facilitated. Precisely, Wiig's model proposes four main phases namely, Build, Hold, Pool, and Apply. Meyer and Zack's model consists five main knowledge content stages namely acquisition, refinement, storage/retrieval, distribution and use (Evans, Dalkir, and Bidian, 2014). Lastly, Nonaka and Takeuchi's model comprises socialization, externalization, internationalization, and combination (Nonaka and Takeuchi, 2004). Wong 2005; and Gjurovikj, 2013, posit that Nonaka and Takeuchi's model is more efficient to SKM as it not only provides phases, but also provides processes through which integration can be attained. Models of SKM focus on the importance of effective adoption of SKM as an enabler of organizational development, growth and productivity. The main conceptualization is that knowledge ought to be organized so as to obtain optimal value and benefit.

Wong (2005) emphasizes that an organization should aim to develop their personnel in a way that supports the organization's culture and strategic plan. In respect to this, SKM plays a major role in employees' skill and capability development. Employee development can be achieved effectively through learning initiatives such as training and team work. Notably, it becomes possible to capture and retain knowledge more readily if the employees have learnt necessary competencies. Notably, the involvement of personnel in owning and propelling the strategic goals of an organization are critical support elements of productivity and performance improvement. It is, therefore, critical to identify factors that promote and yield employee capacity building and skill

development, as well as, measures necessary to implement and sustain them. In this respect, this study focuses on employee involvement, employee training, and employee empowerment.

### **2.3.1 Employee Empowerment**

According to Alvesson (2014), empowerment is the process through which employees or people have the feeling of self-efficacy instilled through elimination of organizational vices that cause powerlessness, and it is achieved through both formal and informal techniques (Demirci and Erbas, 2010). Self-efficacy greatly promotes autonomy and motivation in employees, consequently bolstering improved or high performance (Mas-Machuca, 2012). Self-efficacy is also a key defining element of an effective organizational culture (Srivastava, Bartol and Locke, 2006). Successful implementation of a strategy is significantly determined by the ability of employees to adopt and contribute positively towards the process, which is a defining factor of empowerment. Mas-Machuca and Martínez (2012) denotes that empowered employees considerably perform better in strategy implementation endeavors as opposed to employees whose empowerment is limited.

Demirci and Erbas (2010) suggest that empowerment initiatives enable or foster proactive behavior and employee autonomy. Resultantly, employees are able to fully participate in teamwork, decision-making and also readily manage arising occurrences (Demirci and Erbas, 2010). A proactive behavior enables voluntary learning and continuous knowledge acquisition even in the absence of training. As a result, learning within the organization becomes a continuous process, which in turn promotes skill development and continuous improvement in performance and efficiency (Quartey, 2012). According to Snyman and Kruger (2009), key elements that are critical in attaining empowerment of employees include building a sense of trust, self-effectiveness, self-determination, meaningfulness, and value (Quartey, 2012). Additionally, elimination or lessening of organizational boundaries and hierarchies bolsters equality, and a sense of oneness which is critical in enhancing self-efficacy.

### **2.3.2 Employee Training**

Tsang (1997) identifies employee training as the preparation of employees through education and learning initiatives based on an organization's operations, goals, and objectives, for the purpose of knowledge creation and skill development. In previous studies, it is evident that employee training was predominantly studied as a key foundation or element in human resource management (Abell and Oxbrow, 1999; Chase, 1997; Skyttner, 2005). Nonetheless, contemporary studies such as Palestini, 2009; and Mas-Machuca and Martínez, 2012, also recognize the need for employee training as a core requirement in effective SKM. Furthermore, according to Goh (2012) firms that invest in employee development and improvement through training are more readily adaptable to changing environments or organizational responsiveness (Quartey, 2012). Similarly, these organizations are considered dynamic and readily meet customers' needs especially in turbulent contemporary environments. Employee training is considered an essential element in quality management and employee development, which have a positive impact on staff performance and organizational efficiency.

Employee training in light of performance improvement requires use of management resources trivial to the successful attainment of the set goals. Resources in this case are referred to as materials necessary to effectively facilitate training (Lee, 2006). Availability of these materials greatly influences the likelihood of success and also promotes effectiveness in training. Major resources include finances, trainers, time, and study materials (Quartey, 2012). In addition, the size of the trainees, in numbers, is a key factor in the allocation of the training resources. It is therefore, critical to first identify available resources so as to fill up a gap in case it arises (O'Sullivan, 2008). Additionally, purpose, has also been identified as a key resource or asset in employee training. Purpose is subject to the particular audience and therefore, the training program ought to discriminate, and address the needs of the subject group (Lee, 2006).

### **2.3.3 Employee Involvement**

Pugna and Boldeanu (2014) defines employee involvement as employee's direct and active participation that aids in realizing an organization's goals and objectives accomplished by putting into consideration and applying employees' ideas, effort, and expertise. Wong and Aspinwall (2005) suggest that equality and fairness form the basis

upon which employee involvement is strengthened. Furthermore, teamwork provides a good platform on which employee involvement is enhanced through collaboration and joint effort (Srivastava, 2006). According to Ferraro and Briody (2012) teams are observed to make more informed decisions and are also able to monitor one another hence lessening the need for supervision. Additionally, Srivastava (2006) emphasizes that teams actually promote efficiency and overall organizational performance, more resourcefully than individuals.

Phipps, Prieto, and Ndinguri (2013) research on the relationship between employee involvement and productivity, shows a positive relationship, where the former promotes the latter. Organizational productivity is also identified as a core component or measure of performance (Srivastava, Bartol and Locke, 2006). The study shows that organizations that promote employee involvement through SKM initiatives performed better as opposed to organizations that fail to implement these initiatives. SKM initiatives identified, in this regard include knowledge creation and knowledge sharing among individuals, as well as, teams. Phipps, Prieto, and Ndinguri (2013) emphasize that organizations stand to gain core competencies such as employees' skill development, innovativeness, autonomy, and decision performance. Employee development resulting from heightened involvement has a positive impact organizational productivity and also gives the organization a sustainable advantage.

#### **2.4 Structure and Strategic Knowledge Management**

Miles and Snow (2000) defines an organizational structure as the arrangement, division, organization and interrelationship of organizational component parts and activities. The structure also depicts the line of authority, task allocation, division of labor, and coordination of the environment (Galbraith, 2002). The author also identifies that different organizations have different structures, a decision often based on the goals, activities, operations and objectives of the organization. According to Miles and Snow organizational structure has three core characteristics, centralization, complexity and formalization (2000). The presence, intensity and nature of these characteristics vary from one type of structure to the other. In designing an organizational structure, Galbraith emphasizes that core factors to consider that facilitate effectiveness include, but are not limited to understanding, clarity and flexibility (2002).



SKM is an intangible resource embedded in an organization's functions and activities, hence making it highly dependent on the efficiency of an organization's structure. It is greatly influenced by the type of structure adopted in an organization that defines and provides a platform on which SKM processes are facilitated (Galbraith, 2002). There are different models of SKM proposed by scholars in the discipline of KM; examples include Meyer and Zack's model, Wiig's model and Nonaka and Takeuchi's model. The model of SKM adopted should be compatible with the structure of an organization. Gjuravikj (2013) emphasizes that the integration of an appropriate model of SKM is critical for an organization to attain improved organizational performance from knowledge-based competencies. With regard to organizational structure, this study will particularly focus on three KSFs namely, organizational learning, organizational processes, and information technology, which key factors that influence and impact knowledge diffusion within the organization.

#### **2.4.1 Information Technology**

According to Ray (2004), Information Technology (IT) is the use of computing technologies to manage and process information by storing, coding, retrieving and transmitting it. It focuses on meeting the needs of the users through integration, creation, selection and administration of information and data (Gholami *et al.*, 2013). Maier (2010) identifies that IT has developed from a static record of information to an integral enabler of connections and communication between personnel, systems, and departments. Organizational SKM processes are no exception. In precise, SKM processes such as knowledge sharing, capturing and storage greatly rely on IT for efficiency and automation, more so in contemporary business world that is intensively, IT-oriented (Wong and Aspinwall, 2005).

Information technology is an organizational factor that has gained much emphasis in contemporary world. Currently, the success of most organizations, if not all, is highly dependent on the ability of an organization to leverage on information technology competencies (Gholami *et al.*, 2013). With regard to knowledge management, information technology systems offer organizations competitive and effective channels of information and knowledge acquisition, creation, sharing, storage and dissemination. An organization that is able to effectively manage these knowledge-based processes is strategically positioned for competitive performance (Wong and Aspinwall, 2005).

Gholami *et al.*, (2013) denotes that, information technology plays an essential role in supporting organizational processes such as service delivery, innovation management, organizational responsiveness, financial and staff performance, and work relationship. Furthermore, the author emphasizes on the importance of these factors as core contributors to organizational responsiveness.

Bray and Konsynski (2015) in the study of KM and its impact on organizational performance emphasizes the importance of IT knowledge diffusion in the entire organization. The authors emphasize that improvement on performance is obtained best when IT knowledge and skills are imparted on all employees across the board (Burtonshaw-Gunn, and Salameh, 2009). In essence, this means that for an organization to successfully leverage on technological innovations, employees ought to be well or fully acquainted with the technologies to be implemented, and this can be attained through training workshops and educational programs. Markedly, the higher the ability of an organization to diffuse knowledge through information technologies, the higher and better the SKM result obtained (Bray and Konsynski, 2015). Additionally, the higher the satisfaction and accessibility levels of IT systems to the users, the higher the aggregate performance derived from the adoption of the technologies.

#### **2.4.2 Organizational Processes**

Management of organizational knowledge is significantly impacted by organizational processes. Wong (2005) denotes that of the identified organizational factors, the processes of an organization take precedence in term of importance in the implementation of SKM. Notably, knowledge management cannot be attained if the organizational processes are not supportive. To this end, Nonaka and Takeuchi (2004) emphasize the importance of decentralization of organizational processes so as to foster effective and efficient knowledge creation, dissemination and usage in all segments. Decentralization greatly allows exchange of information both formally and informally. Resultantly, skill development and capability building is not limited by hierarchical boundaries and restrictions experienced in centralized and highly bureaucratic organizations.

Organizational processes include a myriad of functions categorized into primary, support and managerial processes. Primary processes as defined by Michael Porter entail activities involved in physical making of services or products. Support processes entail functions that act as facilitators or enablers of primary processes and include processes

such as human resource management and information technology (Wong, 2005). Lastly, management processes entail functions in monitoring and control of organizational operations and activities. Appropriate knowledge dissemination and usage greatly promotes efficiency of these organizational processes and also enables an organization to readily adapt to change comprehensively (Wentland, 2009).

Organizational processes are majorly influenced by the infrastructure adopted in an organization (Nonaka and Takeuchi, 2004). Infrastructure entails mechanisms necessary for effective implementation of organizational roles and duties. Additionally, it entails policies, collaborative procedures, governance, leadership framework, and accountability mechanisms (Yu, 2010). Maier (2010) denotes that appropriate mechanisms and interventions should be implemented to enable effective management of knowledge assets or resources (Burtonshaw-Gunn, and Salameh, 2009). To this end, Maier (2010) denotes that technology plays a key role in facilitating and attaining this competence and should be incorporated in organizations to boost efficiency. Gjurovikj (2013) argues that although organizations often have a means of handling knowledge it is critical for organization's also to identify specific individuals responsible for the management of knowledge, knowledge frameworks and systems.

Organizational processes and SKM are two complementary factors that are also highly correlated. Maier (2010) identifies that processes in an organization enable SKM; similarly, effective utilization of SKM has a positive impact on the efficiency of processes. In essence, efficiency of processes enables effective knowledge dissemination and acquisition. In turn, acquired knowledge amongst the personnel facilitates continuous improvement, learning and skill development (Wong, 2005). In essence, SKM plays a significant role in appropriate management and sustenance of organizational processes and forms a core foundation for organizational performance, which gives an organization a competitive edge and sustainability in the market.

### **2.4.3 Organizational Learning**

Tsang (1997) defines organizational learning as the processes of impacting knowledge in an organization for the purpose of knowledge acquisition and retention so as to develop capability and skill development. Training is a common method of facilitating learning in organizations. Training of employees enables improvement of skills, as well as, adoption of new skills on how to handle dynamic changes in the business frontier (Mas-Machuca,

2012). Ho (2010) emphasizes the importance of organizational learning mainly through training. A shared vision of learning in an organization significantly promotes productivity, capacity and quality performance (Gjurovikj, 2013). Group-based learning is also another dimension of organizational learning and it is the form most commonly utilized when an organization is focused on development of skills across the board or among a group of employees, rather than an individual (Snyder, 2006). Learning as a team develops group capabilities and enhances comprehensive alignment of organizational processes (Goh, 2012).

Organizational learning is a core component of SKM because a learning-oriented organization promotes effective implementation and sustenance of SKM (Tsang, 1997). In essence, organizations stand to benefit from acquired SKM competencies realized through learning, such as IT competence, congruence, collaboration and skill development. Similarly, realization of SKM supports continuous learning, both formal and informal. Organizational learning significantly enhances performance from increased productivity and efficiency, imparted through skill development. In Tsang (1997) research study on the relationship between performance and organizational learning, the author identifies a positive connection, which has a similar implication on SKM. In precise, positive changes in employee capability, attitude and skill developed through learning are considered significant enablers of optimal organizational performance (Snyder, 2006).

## **2.5 Chapter Summary**

SKM encompasses three different dimensions namely, culture, people, and structure which were reviewed in this chapter. A review of the three dimensions reveals a viable platform which an organization can exploit to improve its productivity. The goal of SKM is to allow for improvement and leveraging of organizational knowledge assets and yield improved performance in the organization. Chapter three will entail the research design and methodology of the study. It will discuss the design to be used in the research to achieve intended goals and objectives. The chapter will also provide a framework for the methodology procedures and instruments to be used to carry out the research and intended means of data analysis.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This study aims to examine the critical success factors of SKM. It will provide an outline and description of the research methodology used to carry out the research. Specifically, the research design, data collection methods, research procedures and data analysis will be discussed. It will further include a description of the sources of data and type of data to be collected.

#### **3.2 Research Design**

Research design is a plan or outline which provides conditions for data collection, analysis and measurement in a way that enables the realization of the research purpose (Cooper and Schindler, 2014). Additionally, it is a structured framework for investigation, which aids in obtaining answers to research questions. It also depicts the relationship between different variables and their link to the study, which assists in obtaining empirical evidence.

This study was conducted using the descriptive research design. According to Cooper and Schindler (2014), descriptive research design is useful for identifying hypothetical constructs and the interconnection between variables. Furthermore, the design avails information useful in carrying-out further analysis on the variables and their relationships. Surveying and document review were the main techniques to be used to collect data. Information required was obtained through questionnaires, which were issued to the respondents. This approach helped by ensuring anonymity and confidentiality of the respondents was maintained.

The study focused on the influence of key success factors of SKM on performance at AAR-Insurance Kenya. The study was quantitative in nature and entailed questions that helped determine the relationship between the dependent and independent variables. The

dependent variable is organizational performance and the independent variables are culture-related factors, people-related factors and structure-related factors of SKM.

### **3.3 Population and Sampling Design**

#### **3.3.1 Population**

Murthy and Bhojanna (2008) describe a population as the sum components of collected data from which the research aims to make some inferences. A population element is the individual subject or participant from which the measurement is taken. The population for this research comprises the management and general staff at AAR headquarters. The total population of study was 110 employees.

**Table 3.1 Population Distribution**

<b>GROUP</b>	<b>NUMBERS</b>	<b>PERCENTAGE</b>
Top Managers	20	18%
General Population	90	82%
<b>Total</b>	<b>110</b>	<b>100%</b>

**Source: AAR (2015)**

#### **3.3.2 Sampling Design**

Murthy and Bhojanna (2008) define a sampling design as the technique by which a researcher selects the primary research elements or objects in data selection and analysis, so as to effectively serve research objectives.

##### **3.3.2.1 Sampling Frame**

A sampling frame is the material used to devise or create a sample or from which a population sample is drawn. Additionally, Burns and Ryman (2008) identify a sampling frame as the list of elements from which a sample is formulated. The study was conducted at AAR Insurance, and the sampling frame was developed from data provided by the human resource department, mainly because SKM is people-centered. This

strategy was beneficial because it ensured that the sampling frame was up-to-date, relevant and sufficiently complete for addressing the research objectives.

### **3.3.2.2 Sampling Technique**

The sampling technique adopted for this study is stratified random sampling. The primary reason for choosing this technique is that the population of study is heterogeneous. This approach was to ensure that sub-groups within the population were accounted for effectively. The method was used because it has a high efficiency level compared to other options such as the simple random sampling. Stratified random sampling also effectively provides data for assessing different groups singularly. Bryman and Bell (2011) identify that the techniques has also been used successfully in other studies. There are two main clusters for this study namely management and general staff. The two groups are different based on the distinct roles they play in the organization with regard to KM.

### **3.3.2.3 Sample Size**

A sample size is the set of participants or elements from which information is obtained, which is represented by 'n' (Murthy and Bhojanna, 2008). Identifying the appropriate sample size enables the researcher to plan and design the most suitable means of data collection. The researcher is also able to allocate sufficient resources and time for the research. The sample size according to Murthy and Bhojanna (2008) is a function of population variation and the degree of precision required for the study. In this study, the sample size was determined by the population of employees at AAR Insurance headquarters. The sample was computed using Cooper and Schindler's formula provided below, where n is the sample size, e the error, and N the population. A 5% scientifically acceptable margin of error was accounted for, as well as, a 95% confidence level.

Formula:

$$n = \frac{N}{1 + N(e)^2}$$

$$= 110 / (1 + 110(0.05)^2)$$

=86.27

n=86

**Table 3.1 below shows the sample size and the distribution of respondents to the study questionnaires**

<b>GROUP</b>	<b>NUMBERS</b>	<b>PERCENTAGE</b>
Top Managers	16	19%
General Population	70	81%
<b>Total</b>	<b>86</b>	<b>100%</b>

### **3.4 Data Collection Methods**

The data collection tool to be used for this study was a structured questionnaire that was used to collect both qualitative and quantitative data. This tool was administered to all respondents and questions asked were closed-ended questions. The choice to use a questionnaire was based on the fact that the tool is considerably easy to understand and use for the respondents (Burns and Ryman, 2008). Additionally, it offers a high rate of response as it is less tasking than other tools such as focus groups. In addition, a likert scale was used with options ranging from strongly agree to strongly disagree on a 5-point scale. This scale was used because it has been used in other studies and has been proven to be effective (Bryman and Bell, 2011). The questionnaire was divided into four main segments. The first part of the questionnaire included questions on respondents' general information. The second, third and fourth parts entailed questions based on the first, second and third research objectives, namely culture related KSFs, people related KSFs, and processes related KSFs respectively.

### **3.5 Research Procedures**

Based on the research procedures a questionnaire was formulated so as to ensure that questions are appropriate for the study. A pretest was also conducted before administering it to the study population. Cooper and Schindler (2014) emphasize that pre-tests aid in improvement of instrumentation and design. Additionally, they provide proxy data used in selection of a probability sample. According to Bryman and Bell (2011), a pre-test is helpful in refining information contained in the questionnaire, which in turn



increases efficiency and shows any shortcomings in the questionnaire. This initiative also gives room for suggestions from participants to the pre-test, which in turn provides content validity and elimination of apparent errors. The pre-test involved data collection through questionnaires from MBA students, who are already working. The importance of the study was also explained to the pre-test respondents, so as to promote a high response rate.

### **3.6 Data Analysis Methods**

Cooper and Schindler (2014) define data analysis as the process of scrutinizing, cleaning, inspecting, modeling and transforming data collected with the objective of identifying useful information. This information is in turn used to make decisions. Data collected was edited to achieve completeness and effective recording using SPSS tool. Moreover, coding was done to convert data into a form that is compatible with SPSS tool, which was then be used for analysis. The core purpose of the analysis was to consolidate observations in a way that provides solutions to the research objectives or questions. Quantitative and qualitative data analysis techniques were used, which comprised descriptive analysis and, in particular, a cross-sectional analysis. Cross-sectional analysis involves a study carried out once and represents a snapshot of one point in time (Bryman and Bell, 2011). Lastly, data collected was presented in form of figures and tables which helps in further interpretation of information obtained.

### **3.7 Chapter Summary**

Chapter three focuses on the research methodology used to carry out the research. The study was conducted using a descriptive research design. Document review and survey techniques are the main sources of data used. The population, sampling technique, sample size, and research procedures have also been described. The research questions and nature of data to be collected has majorly influenced the choice of the research techniques selected. The population of study for this research was AAR Insurance headquarters' employees. The research used a formulated sampling frame and also utilized stratified random sampling method. The next chapter presents results and findings of the research.

## CHAPTER FOUR

### 4.0 RESULTS AND FINDINGS

#### 4.1 Introduction

The purpose of this study was to assess the Key Success Factors (KSFs) of Strategic Knowledge Management that influence organizational performance. The study was conducted based on the following research questions: what is the impact of culture related factors of SKM on organizational performance? What is the impact of people related factors of SKM on organizational performance? And finally what is the impact of structure related factors of SKM on organizational performance? This chapter hence presents results collected from respondents on this research questions. A total of 60 questionnaires were filled and forwarded by respondents indicating a 70 percent response rate.

#### 4.2 Background Information

##### 4.2.1 Gender of the Respondents

Table 4.1 reveals that female respondents accounted for 65 percent of the total respondents whereas 35 percent were male respondents. These findings imply that the organization of study had complied with the 30 percent gender rule as required by the constitution.

**Table 4.1: Gender of the Respondents**

	<b>Frequency</b>	<b>Percentage</b>
Male	21	35%
Female	39	65%
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.2.2 Age of the Respondents

Table 4.2 shows that 40 percent of the respondents were in the 46-60 years age bracket which accounts for the majority of the total respondents, 23.3 percent were in the 36-45 years bracket, whereas 21.7 percent were in the 26-35 years bracket and finally 15 percent of the respondents were aged 20-25 years. This implies that the organization had a balance in terms of the age of its employees.

**Table 4.2: Age of the Respondents**

	<b>Frequency</b>	<b>Percentage</b>
20-25 years	9	15.0
26-35 years	13	21.7
36-45 years	14	23.3
46-60 years	24	40.0
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.2.3 Highest Level of Education

Table 4.3 reveals that majority of the respondents (40.0 percent), had undergraduate degrees as their highest level of education, while 36.7 percent had graduate degrees, as 21.7 percent of the respondents were diploma holders, as the remaining 1.7 percent were certificate holders.

**Table 4.3: Highest Level of Education**

	<b>Frequency</b>	<b>Percentage</b>
Certificate	1	1.7
Diploma	13	21.7
Undergraduate	24	40.0
Graduate	22	36.7
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.2.4 Number of Years as an Employee

As seen in table 4.4, it was evident that 35 percent of the respondents had worked for 1-3 years, followed by 30 percent who had worked for 3-5 years, then 20 percent had worked for 0-1 year as the remaining 15 percent had worked for 6-10 years. This implies that most of the respondents had worked for more than 3 years and therefore had amassed substantial experience in the industry.

**Table 4.4: Number of Years**

	<b>Frequency</b>	<b>Percentage</b>
0-1 years	12	20
2-3 years	21	35
4-5 years	18	30
6-10 years	9	15
<b>Total</b>	<b>60</b>	<b>100%</b>

#### **4.2.5 Level in the Organization Structure**

Table 4.5 reveals that majority of the respondents (55 percent), were in the lower management, followed by 40 percent who were in the middle management as the remaining 5 percent were in the top management. These findings imply that there were a good number of employees in management positions and therefore in good position to comprehend certain strategic decisions made by the management.

**Table 4.5: Levels in the Organization Structure**

	<b>Frequency</b>	<b>Percentage</b>
Top Management	3	5
Middle level Management	24	40
Operational staff	33	55
<b>Total</b>	<b>60</b>	<b>100%</b>

### 4.3 Cultural Factors of Strategic Knowledge Management (SKM) on Employee Performance

The study sought to examine the impact of culture related factors of SKM on organizational performance. This subsection will present findings that relate to how the respondents perceived this aspect of the study.

#### 4.3.1 Communication

Table 4.6 reveals that 3.3 percent strongly disagree, 5 percent disagree while 1.7 percent were neutral, 45 percent agree as 45 percent strongly agree that communication is important and plays a major role in influencing the performance of employees at AAR.

**Table 4.6: Communication**

	<b>Frequency</b>	<b>Percentage</b>
Strongly disagree	2	3.3
Disagree	3	5
Neutral	1	1.7
Agree	27	45
Strongly Agree	27	45
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.3.2 Knowledge and Information Transfer

Table 4.7 reveals that 5 percent strongly disagree, 8.3 percent disagree while 15 percent were neutral, 48.3 percent agree as 23.3 percent strongly agree that knowledge and information transfer for problem-solving purposes is encouraged at AAR.

**Table 4.7: Knowledge and Information Transfer**

	<b>Frequency</b>	<b>Percentage</b>
Strongly Disagree	3	5

Disagree	5	8.3
Neutral	9	15
Agree	29	48.3
Strongly Agree	14	23.3
<b>Total</b>	<b>60</b>	<b>100%</b>

### 4.3.3 Organization Environment

Table 4.8 reveals that 3.3 percent of the respondents were neutral, 61.7 percent agree as 35.0 percent strongly agree that the organisational environment enables employees to freely access information at AAR.

**Table 4.8: Organization Environment**

	Frequency	Percentage
Neutral	2	3.3
Agree	37	61.7
Strongly Agree	21	35
<b>Total</b>	<b>60</b>	<b>100%</b>

### 4.3.4 Leadership Form

Table 4.9 reveals that 1.7 percent strongly disagree, 5 percent disagree while 6.7 percent were neutral, 58.3 percent agree as 28.3 percent strongly agree that form of leadership adopted promotes employee productivity at AAR.

**Table 4.9: Leadership Form**

	Frequency	Percentage
Strongly Disagree	1	1.7
Disagree	3	5.0

Neutral	4	6.7
Agree	35	58.3
Strongly Agree	17	28.3
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.3.5 Leadership Support

Table 4.10 reveals that 1.7 percent strongly disagree, 5 percent disagree while 5 percent were neutral, 43.3 percent agree as 45 percent strongly agree that leadership and support is enabling and promotes employee productivity at AAR.

**Table 4.10: Leadership Support**

	Frequency	Percentage
Strongly Disagree	1	1.7
Disagree	3	5.0
Neutral	3	5.0
Agree	26	43.3
Strongly Agree	27	45.0
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.3.6 Trust in the Organization

Table 4.11 reveals that 1.7 percent strongly disagree, 6.7 percent disagree while 15 percent were neutral, 38.3 percent agree as 38.3 percent strongly agree that trust in the organization promotes knowledge sharing at AAR.

**Table 4.11: Trust in the Organization**

	Frequency	Percentage
Strongly Disagree	1	1.7

Disagree	4	6.7
Neutral	9	15.0
Agree	23	38.3
Strongly Agree	23	38.3
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.3.7 Trust as a Major Strength

Table 4.12 reveals that 1.7 percent of strongly disagree, 5 percent were neutral, 40 percent agree as 53.3 percent strongly agree that trust is one of the major strengths in my organization at AAR.

**Table 4.12: Trust as a Major Strength**

	Frequency	Percentage
Disagree	1	1.7
Neutral	3	5
Agree	24	40
Strongly Agree	32	53.3
<b>Total</b>	<b>60</b>	<b>100%</b>

#### 4.3.8 Relationship between Culture Related Factors and Performance

Table 4.13 reveals that the R square values was 0.510 indicating that cultural related factors of SKM contribute to 51 percent of organization performance, while the other percentage is contributed by other factors not included in the model.

**Table 4.13: Model 1 Summary**

Model Summary				
Model	R	R Square	Adjusted R	Std. Error of



			Square	the Estimate
1	.714a	.510	.501	.40216
<b>a. Predictors: (Constant), Culture</b>				

Table 4.14 further reveals that the coefficient value was 0.731 implying that there was a positive significant relationship between cultural related factors of SKM and organization performance, which shows the ratio of positive change of independent variable attributed to the positive change of the dependent variable.

**Table 4.14: Cultural Factors Coefficients Table**

<b>Coefficients a</b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1 (Constant Culture)	704	.394	.714	1.786	.079
	.731	.094		7.765	.000

**a. Dependent Variable: Performance**

#### 4.4 People Related Factors of SKM on Employee Performance

The study also sought to examine the impact of people related factors of SKM on organizational performance. The next sub-section will present results with regard to this objective.

##### 4.4.1 Employees Adequately Empowered

Table 4.15 reveals that 8.3 percent strongly disagree, 5 percent disagree while 3.3 percent were neutral, 78.3 percent agree as 5.0 percent strongly agree that employees are adequately empowered at AAR.

**Table 4.15: Employees Adequately Empowered**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	5	8.3
Disagree	3	5.0

Neutral	2	3.3
Agree	47	78.3
Strongly Agree	3	5.0
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.4.2 Empowerment Initiatives

Table 4.16 reveals that 6.7 percent strongly disagree, 18.3 percent disagree while 35.0 percent were neutral, 20.0 percent agree as 20.0 percent strongly agree that empowerment initiatives are extremely satisfactory resulting in high employee productivity at AAR.

**Table 4.16: Empowerment Initiatives**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	4	6.7
Disagree	11	18.3
Neutral	21	35.0
Agree	12	20.0
Strongly Agree	12	20.0
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.4.3 Leadership Promotes Employee Empowerment

Table 4.17 reveals that 1.7 percent strongly disagree, 15.0 percent disagree while 51.7 percent agree as 31.7 percent strongly agree that leadership is continuously promoting employee empowerment at AAR.

**Table 4.17: Leadership Promotes Employee Empowerment**

	<b>Frequency</b>	<b>Percent</b>
Disagree	1	1.7
Neutral	9	15.0
Agree	31	51.7
Strongly Agree	19	31.7
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### **4.4.4 Employees are Satisfied with Training Initiatives**

Table 4.18 reveals that 1.7 percent strongly disagree, 6.7 percent disagree while 13.3 percent are neutral, 35 percent agree as 43.3 percent strongly agree that employees are highly satisfied with the training initiatives provided by the organization at AAR.

**Table 4.18: Employees are Satisfied with Training Initiatives**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	1	1.7
Disagree	4	6.7
Neutral	8	13.3
Agree	21	35.0
Strongly Agree	26	43.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### **4.4.5 Training has improved Performance**

Table 4.19 reveals that 1.7 percent strongly disagree, 5 percent disagree while none are neutral, 31.7 percent agree as 61.7 percent strongly agree that training provided by the organization has significantly improved my performance at AAR.

**Table 4.19: Training has improved Performance**

	<b>Frequency</b>	<b>Percent</b>
Disagree	1	1.7
Neutral	3	5.0
Agree	19	31.7
Strongly Agree	37	61.7
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### **4.4.6 Employee and Decision Making**

Table 4.20 reveals that 6.7 percent strongly disagree, 1.7 percent disagree while 15.0 percent are neutral, as 61.7 percent strongly agree that employees contribute significantly to decision-making processes at AAR.

**Table 4.20: Employee and Decision Making**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	4	6.7
Disagree	1	1.7
Neutral	9	15.0
Strongly Agree	46	61.7
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### **4.4.7 Teamwork Culture**

Table 4.21 reveals that 6.7 percent strongly disagree, 16.7 percent disagree while 35 percent are neutral, 18.3 percent agree as 23.3 percent strongly agree that culture of team work embedded in my organization has enabled employees to perform their duties better at AAR.

**Table 4.21: Teamwork Culture**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	4	6.7
Disagree	10	16.7
Neutral	21	35.0
Agree	11	18.3
Strongly Agree	14	23.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### **4.4.8 Organization Structure Promotes Collaboration**

Table 4.22 reveals that 1.7 percent disagree while 15 percent are neutral, 55.0 percent agree as 28.3 percent strongly agree that structure of my organization promotes effective collaboration among employees at AAR.

**Table 4.22: Organization Structure Promotes Collaboration**

	<b>Frequency</b>	<b>Percent</b>
Disagree	1	1.7
Neutral	9	15.0
Agree	33	55.0
Strongly Agree	17	28.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**4.4.9 Relationship between People Related Factors and Performance**

Table 4.23 reveals that the R square values was 0.291 indicating that people related factors of SKM contribute to 29.1 percent of organization performance, while the other percentage is contributed by other factors not included in the model.

**Table 4.23: Model 2 Summary**

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.301a	.291	.275	.54770
a. Predictors: (Constant), People				

Table 4.24 further reveals that the coefficient value was 0.427 which shows that there was a positive significant relationship between people related factors of SKM and organization performance.

**Table 4.24: People Related Coefficients**

<b>Coefficients a</b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
	B	Std. Error	Beta		
1 (Constant) People	2.160	.661	.301	3.270	.002
	.427	.178		2.403	.001

**a. Dependent Variable: Performance****4.5 Structure Related Factors of SKM and Organization Performance**

Finally the study sought to examine the impact of structure related factors of SKM on organizational performance. The following subsection presents findings with regards to this objective of the study.

**4.5.1 Information Technology**

Table 4.25 reveals that 1.7 percent of strongly disagree, 6.7 percent disagree while 13.3 percent are neutral, 40.0 percent agree as 38.3 percent strongly agree that information technology is used to promote knowledge creation, transfer and sharing among its employees at AAR.

**Table 4.25: Information Technology**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	1	1.7
Disagree	4	6.7
Neutral	8	13.3
Agree	24	40.0
Strongly Agree	23	38.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.2 Trainings on Technology Use

Table 4.26 reveals that 1.7 percent of strongly disagree, 5.0 percent disagree while 5.0 percent are neutral, 43.3 percent agree as 50.0 percent strongly agree that AAR provides sufficient training to its employees on how to use technology to improve performance.

**Table 4.26: Trainings on Technology Use**

	<b>Frequency</b>	<b>Percent</b>
Disagree	1	1.7
Neutral	3	5.0
Agree	26	43.3
Strongly Agree	30	50.0
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.3 Information Technology and Performance

Table 4.27 reveals that 8.3 percent of strongly disagree, 5.0 percent disagree while 6.7 percent are neutral, 76.7 percent agree as 3.3 percent strongly agree that at AAR information technologies have improved performance.

**Table 4.27: Information Technology and Performance**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	5	8.3
Disagree	3	5.0
Neutral	4	6.7
Agree	46	76.7
Strongly Agree	2	3.3
<b>Total</b>	<b>60</b>	<b>100.0</b>



#### 4.5.4 Alignment of Organization Processes

Table 4.28 reveals that 1.7 percent strongly disagree, 5.0 percent disagree while 6.7 percent are neutral, and 58.3 percent agree as 28.3 percent strongly agree that organizational processes in AAR are well aligned and improve performance.

**Table 4.28: Alignment of Organization Processes**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	1	1.7
Disagree	3	5.0
Neutral	4	6.7
Agree	35	58.3
Strongly Agree	17	28.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.5 Coordination of Organization Functions

Table 4.29 reveals that 1.7 percent strongly disagree, 5.0 percent disagree while 5.0 percent are neutral, 43.3 percent agree as 45.0 percent strongly agree that there is sufficient coordination of organizational functions at AAR.

**Table 4.29: Coordination of Organization Functions**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	1	1.7
Disagree	3	5.0
Neutral	3	5.0
Agree	26	43.3
Strongly Agree	27	45.0
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.6 Knowledge and Information Accessibility

Table 4.30 reveals that 1.7 percent disagree while 16.7 percent are neutral, 53.3 percent agree as 28.3 percent strongly agree that knowledge and information are easily at AAR.[p

**Table 4.30: Knowledge and Information Accessibility**

	<b>Frequency</b>	<b>Percent</b>
Disagree	1	1.7
Neutral	10	16.7
Agree	32	53.3
Strongly Agree	17	28.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.7 Operational Decisions follow Strict Hierarchical Protocols

Table 4.31 reveals that 1.7 percent of the respondents strongly disagree, 6.7 percent disagree while 15.0 percent are neutral, 38.3percent agree as 38.3 percent strongly agree that operational decisions follow strict hierarchical protocols at AAR.

**Table 4.31: Operational Decisions follow Strict Hierarchical Protocols**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	1	1.7
Disagree	4	6.7
Neutral	9	15.0
Agree	23	38.3

Strongly Agree	23	38.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.8 Employee Skill Development

Table 4.32 reveals that 1.7 percent disagree, 5.0 percent are neutral, 40.0 percent agree as 53.3 percent strongly agree that employee skill development is influenced by knowledge sharing among co-workers at AAR.

**Table 4.32: Employee Skill Development**

	<b>Frequency</b>	<b>Percent</b>
Disagree	1	1.7
Neutral	3	5.0
Agree	24	40.0
Strongly Agree	32	53.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.9 Learning from Experience

Table 4.33 reveals that 3.3 percent of the respondents strongly disagree, 6.7 percent disagree, while 10.0 percent are neutral, 51.7 percent agree as 28.3 percent strongly agree that AAR encourages employees to learn from experience and adopt new work strategies in order to improve their performance.

**Table 4.33: Learning from Experience**

	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	2	3.3
Disagree	4	6.7
Neutral	6	10.0
Agree	31	51.7
Strongly Agree	17	28.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

#### 4.5.10 Relationship between Structure Related Factors and Performance

Table 4.34 reveals that the R square values was 0.436 indicating that structure related factors of SKM contribute to 43.6 percent of organization performance, while the other percentage is contributed by other factors not included in the model.

**Table 4.34: Model 3 Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.661a	.436	.427	.43120
a. Predictors: (Constant), Structure				

Table 4.35 further reveals that the coefficient value was 0.882 implying that there was a positive significant relationship between structure related factors of SKM and organization performance.

**Table 4.35: Structure Related Coefficients**

Coefficients a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.329	.512	<b>.661</b>	.643	.523
People	.882	.132		6.700	.000

a. Dependent Variable: Performance

#### 4.6 Chapter Summary

This chapter presented the statistical findings and analysis from the research process and data collection at AAR Insurance Company. The findings of the study aimed to identify

and assess the extent of influence and the relationship between the dependent variable and independent variables. The findings further show that there is a relationship between the dependent variables under culture, people and structure and the independent variable which is organizational performance.

The study examined the impact of culture related factors of SKM i.e., communication, knowledge transfer, leadership and support and trust on organizational performance. They all had a significant influence on the organization's performance. The people related factors of SKM including employee empowerment, training and involvement also had a significant influence on organizational performance. And finally structure related factors of SKM i.e., use of information technology, the organizations processes and organizational learning also had an impact on organizational performance. The next chapter presents discussions, a summary of findings, recommendations resulting from these findings as well as conclusions.

## **CHAPTER FIVE**

### **5.0 SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter has four sections which are summary, discussion, conclusions, and recommendations in that order. The first part of this chapter provides the study objectives, methodology, and findings of the research. Subsequently, the second segment examines major results or findings with regard to the study's specific objectives. Lastly, the third part focuses on the conclusions as per the objectives of the study, whilst applying the findings and results obtained in the previous chapter.

#### **5.2 Summary**

The purpose of the study was to assess key success factors of Strategic Knowledge Management of AAR Insurance. The research questions that guided this study were: What is the influence of culture related factors of SKM on organizational performance? What is the influence of people related factors of SKM on organizational performance? What is the influence of structure related factors of SKM on organizational performance?

This research adopted a descriptive research design on a population of AAR employees out of which a sample size of 86 respondents were targeted. This study employed the stratified random sampling technique and made use of questionnaires as the main tool of data collection. The questionnaires were structured and were administered to all the sample respondents. Prior to the study, a pre-test survey was conducted to test validity and applicability of the questionnaire. A total of 60 questionnaires were returned during the data collection. Subsequently, collected data was analyzed using both descriptive and inferential statistics. The analysed data was presented in form of tables.

The study revealed that at AAR communication is important and plays a major role in influencing the performance of employees. Knowledge and information transfer for problem-solving purposes is encouraged in the organization, while the organizational environment enables employees to freely access information. The form of leadership adopted in the organization promotes employee productivity, while leadership and support is enabling and promotes employee productivity, and finally trust is one of the major strengths in the organization and it promotes knowledge sharing.

The study further revealed that at AAR employees are adequately empowered, and also the empowerment initiatives are extremely satisfactory which results to high employee productivity. It was also revealed that the leadership at AAR is continuously promoting employee empowerment while the employees were highly satisfied with the training initiatives provided by the organization. Additionally the study revealed that the training provided by AAR has significantly improved employees performance given that majority of the employees contribute significantly to decision-making processes. The study further revealed that the culture of team work embedded has enabled employees at AAR to perform their duties better and finally study revealed that the structure of my organization promotes effective collaboration among employees.

Finally the study revealed that majority of the respondent were in agreement that at AAR information technology is used to promote knowledge creation as well as transfer and sharing among its employees. It was also established that AAR provides sufficient training to its employees on how to use technology to improve performance. In addition it established that information technologies adopted by AAR have improved performance. It was further revealed that the organizational processes at AAR are well aligned and improve performance, given that there is sufficient coordination of organizational functions. It was further revealed that knowledge and information are easily accessible at AAR given that operational decisions follow strict hierarchical protocols. The study further revealed that employee skill development at AAR is influenced by knowledge sharing among co-workers and finally the study revealed that organization encourages employees to learn from experience and adopt new work strategies in order to improve their performance.

### **5.3 Discussion**

#### **5.3.1 Culture Related Factors of SKM and Employee Performance**

The study revealed that knowledge management was highly regarded at AAR. The findings agree with Bechina and Ndlela (2008) who carried out a research on the transferability nature of knowledge and emphasizes on the sticky nature of knowledge in terms of ease of movement between individuals. Additionally knowledge is highly context-dependent in organizations hence heightening the stickiness and complexity of its transfer. Effective management of knowledge transfer is a critical factor in attaining SKM as an enabler of high performance. To this end, Awad and Ghaziri (2007)

emphasizes that replication and adaptation include basic elements that facilitate effective knowledge transfer. Replication emphasizes the importance of aligning communication channels and ensuring there is compatibility that allows appropriate transfer, decoding and retention of information, whereas adaptation entails instituting moderations and guidelines that integrate operations with organizational context.

The study also revealed that at AAR knowledge and information transfer for problem-solving purposes is encouraged in the organization. The findings also agree with Gholami *et al.*, (2013) who denotes that organizational performance in a contemporary world mainly depends on intangible strengths and assets more than tangible assets. A firm's performance is highly influenced by the ability of an organization to transfer and disseminate information, with regard to SKM. Most researchers concur that leadership plays a key role in ensuring effective KM. In essence, the behavior of leaders in managing knowledge as an asset greatly determines the behavior and attitude of employees, towards knowledge. Furthermore, leadership is identified as a major success factor of SKM in multiple studies, and its significance in promoting organizational performance is emphasized (Raula, Vuksic and Stemberger, 2012).

The study further revealed that the organizational environment which is highly influenced by leadership and support given enables employees to freely access information. This also affirms that the impact or influence of communication and knowledge transfer on organizational performance varies from one organization to the other. Additionally, Gholami *et al.*, (2013) denotes that the degree of impact is determined by a number of factors, such as, the skill level of employees, the structural framework of the organization and nature of interpersonal relations. For instance, highly skilled employees with a high level of education are likely to leverage easily on benefits of knowledge transfer as opposed to lowly-skilled employees. Nonetheless, Raula, Vuksic and Stemberger (2012) denote that an organizational culture that promotes knowledge transfer is better placed to respond to environmental turbulence and customer needs than one with poor knowledge transfer systems. Furthermore, decision making and efficiency in service delivery are also affected in a similar way.

Finally it was established trust is one of the major strengths in the organization .and it promotes knowledge sharing. The findings affirms that the presence of trust in an organization plays a basic role in facilitating collaboration and cohesiveness, which are



critical in the successful implementation of a strategy and general running of operations in an organization (Hu, Chiou, and Lin 2012). Bray and Konsynski (2015) identify that inter-employee trust has a significant influence on knowledge transfer and dissemination. Taking into consideration factors such as knowledge transfer and the role of leadership that are considerably dependent on cooperation, it becomes critical for an organization aiming for success to instill trust amongst the employees (He, Fang, and Wei, 2009). Trust building can be obtained by instilling essential factors such as integrity among all employees, just interpersonal values, effective communication, equality and ethical conduct (Ho *et al.*, 2010). Hu, Chiou, and Lin (2012) asserts the importance of trust in organizations that seek to attain effective knowledge management (Bray and Konsynski, 2015). Resultantly, it becomes possible for the organization to successfully implement SKM and resultantly, improve efficiency through increased competence.

### **5.3.2 People Related Factors of SKM and Employee Performance**

The study further revealed that at AAR employees are adequately empowered. The findings also agree with Alvesson (2014), who argues that empowerment is the process through which employees or people have the feeling of self-efficacy instilled through elimination of organizational vices that cause powerlessness, and it is achieved through both formal and informal techniques (Demirci and Erbas, 2010). Self-efficacy greatly promotes autonomy and motivation in employees, consequently bolstering improved or high performance (Mas-Machuca, 2012). Self-efficacy is also a key defining element of an effective organizational culture (Srivastava, Bartol and Locke, 2006). Successful implementation of a strategy is significantly determined by the ability of employees to adopt and contribute positively towards the process, which is a defining factor of empowerment. Mas-Machuca and Martínez (2012) denotes that empowered employees considerably perform better in strategy implementation endeavors as opposed to employees whose empowerment is limited.

In the same regard it was also revealed that the leadership at AAR is continuously promoting employee empowerment while the employees were highly satisfied with the training initiatives provided by the organization. The findings agree with Demirci and Erbas (2010) who suggest that empowerment initiatives enable or foster proactive behavior and employee autonomy. Resultantly, employees are able to fully participate in teamwork, decision-making and also readily manage arising occurrences (Demirci and

Erbas, 2010). A proactive behavior enables voluntary learning and continuous knowledge acquisition even in the absence of training. As a result, learning within the organization becomes a continuous process, which in turn promotes skill development and continuous improvement in performance and efficiency (Quartey, 2012). According to Snyman and Kruger (2009), key elements that are critical in attaining empowerment of employees include building a sense of trust, self-effectiveness, self-determination, meaningfulness, and value (Quartey, 2012). Additionally, elimination or lessening of organizational boundaries and hierarchies bolsters equality, and a sense of oneness which is critical in enhancing self-efficacy.

Additionally the study revealed that the training provided by AAR has significantly improved employees performance given that majority of the employees contribute significantly to decision-making processes. The findings affirm that employee training in light of performance improvement requires use of management resources trivial to the successful attainment of the set goals. Resources in this case are referred to as materials necessary to effectively facilitate training (Lee, 2006). Availability of these materials greatly influences the likelihood of success and also promotes effectiveness in training. Major resources include finances, trainers, time, and study materials (Quartey, 2012). In addition, the size of the trainees, in numbers, is a key factor in the allocation of the training resources. It is therefore, critical to first identify available resources so as to fill up a gap in case it arises (O'Sullivan, 2008). Additionally, purpose, has also been identified as a key resource or asset in employee training. Purpose is subject to the particular audience and therefore, the training program ought to discriminate, and address the needs of the subject group (Lee, 2006).

Finally revealed that the culture of team work embedded has enabled employees at AAR to perform their duties better. The findings agree with Phipps, Prieto, and Ndinguri (2013) who studied the relationship between employee involvement and productivity, shows a positive relationship, where the former promotes the latter. Organizational productivity is also identified as a core component or measure of performance (Srivastava, Bartol and Locke, 2006). The study shows that organizations that promote employee involvement through SKM initiatives performed better as opposed to organizations that fail to implement these initiatives. SKM initiatives identified, in this regard include knowledge creation and knowledge sharing among individuals, as well as,

teams. Phipps, Prieto, and Ndinguri (2013) emphasize that organizations stand to gain core competencies such as employees' skill development, innovativeness, autonomy, and decision performance. Employee development resulting from heightened involvement has a positive impact on organizational productivity and also gives the organization a sustainable advantage.

### **5.3.3 Structure Related Factors of SKM and Employee Performance**

Finally the study revealed that majority of the respondents were in agreement that at AAR information technology is used to promote knowledge creation, transfer and sharing among its employees. The findings agree with Gholami *et al.*, (2013) who denote that, information technology plays an essential role in supporting organizational processes such as service delivery, innovation management, organizational responsiveness, financial and staff performance, and work relationship. Furthermore, the author emphasizes on the importance of these factors as core contributors to organizational responsiveness.

It was further revealed that the organizational processes at AAR are well aligned and improve performance, given that there is sufficient coordination of organizational functions. Markedly, the higher the ability of an organization to diffuse knowledge in its operations, the higher and better the SKM result obtained (Bray and Konsynski, 2015). Additionally, the higher the satisfaction and accessibility levels of IT systems to the users, the higher the aggregate performance derived from the adoption of the technologies. The authors emphasize that improvement on performance is obtained best when there is process alignment and IT knowledge is imparted on all employees across the board (Burtonshaw-Gunn, and Salameh, 2009). In essence, this means that for an organization to successfully leverage on technological innovations, employees ought to be well or fully acquainted with the technologies to be implemented. The study on organizational processes agrees with Bray and Konsynski (2015) in the study of KM and its impact on organizational performance emphasizes the importance of IT knowledge diffusion in the entire organization.

The study affirms that organizational learning is a core component of SKM because a learning-oriented organization promotes effective implementation and sustenance of SKM (Tsang, 1997). In essence, organizations stand to benefit from acquired SKM competencies realized through learning, such as IT competence, congruence,

collaboration and skill development. Similarly, realization of SKM supports continuous learning, both formal and informal. Organizational learning significantly enhances performance from increased productivity and efficiency, imparted through skill development. In Tsang (1997) research study on the relationship between performance and organizational learning, the author identifies a positive connection, which has a similar implication on SKM. In precise, positive changes in employee capability, attitude and skill developed through learning are considered significant enablers of optimal organizational performance (Snyder, 2006).

## **5.4 Conclusions**

### **5.4.1 Culture Related Factors of SKM and Employee Performance**

The study concluded that at AAR communication is important and plays a major role in influencing the performance of employees. Knowledge and information transfer for problem-solving purposes is encouraged in the organization, while the organizational environment enables employees to freely access information. The study also concluded that form of leadership adopted in the organization promotes employee productivity, while leadership and support is enabling and promotes employee productivity. Finally the study concludes that trust is one of the major strengths in the organization .and it promotes knowledge sharing.

### **5.4.2 People Related Factors of SKM and Employee Performance**

The study further concludes that at AAR employees are adequately empowered, and also the empowerment initiatives are extremely satisfactory which results to high employee productivity. It was also concluded that the leadership at AAR is continuously promoting employee empowerment while the employees were highly satisfied with the training initiatives provided by the organization.

The study further concludes that the culture of team work embedded has enabled employees at AAR to perform their duties better and finally study concludes that the structure of my organization promotes effective collaboration among employees.

### **5.4.3 Structure Related Factors of SKM and Employee Performance**

Finally the study concludes that majority of the respondent were in agreement that at AAR information technology is used to promote knowledge creation as well as transfer

and sharing among its employees. It was also concluded that AAR provides sufficient training to its employees on how to use technology to improve performance. It was further concluded that knowledge and information are easily accessible at AAR given that operational decisions follow strict hierarchical protocols. Finally the study revealed that organization encourages employees to learn from experience and adopt new work strategies in order to improve their performance.

## **5.5 Recommendations**

### **5.5.1 Recommendations for Improvement**

#### **5.5.1.1 Culture Related Factors of SKM and Employee Performance**

A key recommendation from the study is the necessity for organizations to employ effective information sharing as it is observed to enhance employee performance. The study also recommends the need to so as to ensure that knowledge transfer for problem-solving should be properly aligned with the organization long term plan. This will go well with the organization well-being and in the long run will result into improved performances.

#### **5.5.1.2 People Related Factors of SKM and Employee Performance**

The study recommends the need for organizations to consider people as one of the valuable assets to the organization, and as such they need to well empowered so as to be able to effectively carry out their tasks in a manner that will also enhance the performance of the organization.

#### **5.5.1.3 Structure Related Factors of SKM and Employee Performance**

Finally the study recommends the need for organizations to properly align the organization structure with their strategy so as to enhance efficiency of the various business units. In the same regard there is need to streamline the operations of the organizations in order to better the performance of the organization.

### **5.5.2 Recommendations for Further Studies**

The study recommends the need for additional studies in this area of study. It will be important however for future research to focus on other sectors of the economy so as to

provide a diverse opinion on the various factors affecting employee performance, with particular focus on knowledge management factors.

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## APPENDICES

### APPENDIX I: LETTER OF INTRODUCTION

#### To Whom It May Concern

United States International University

P.O BOX 14634

Nairobi, Kenya

Dear Respondent,

I am an MBA (Master of Business) Strategic Management student, at United States International University-Africa, in partial fulfilment of the graduate MBA degree course. I am carrying out research on Assessment of Key Success Factors of Strategic Knowledge Management that Influence Organizational Performance: A Case of AAR Insurance Headquarters-Kenya.

The purpose of this study is to identify the aforementioned key factors, through inquiry from respondents. To achieve this objective, questionnaires will be issued out to respondents for filling or data collection. The information provided by respondents will be treated with utter anonymity and confidentiality. Your participation is especially imperative for this study. I kindly request for your participation as a respondent in this study, which will significantly contribute to the success of this research.

Information you provide will only be used for my research project in fulfilment of my MBA degree requirements. Thank you in advance.

Sincerely,

Jackline N. Rukungu

MBA Student-Researcher

USIU

## APPENDIX II: QUESTIONNAIRE

### KEY SUCCESS FACTORS OF SKM THAT INFLUENCE ORGANIZATIONAL PERFORMANCE: A CASE OF AAR INSURANCE HEADQUARTERS - KENYA.

Strategic Knowledge Management (SKM) is identified as the processes, systems and infrastructure employed in organizations to create, acquire, and share knowledge for formulating strategy and attaining a competitive advantage. The purpose of this research is to identify critical success factors of SKM that influence performance. Please take note that utter anonymity will be maintained and you are assured of confidentiality and your identity shall not be used in this research.

#### Section A: Demographic Information (*Tick where appropriate*)

1. Gender                                      Male                                         Female
  
2. Age:  
20 to 25 years                                                                            26 to 35 years                                                                            36 to 45 years                                        
  
46 to 60 years                                                                            Above 60 years
  
3. Highest Education Level  
 High School  
 Certificate  
 Diploma  
 Undergraduate  
 Graduate
  
4. Number of Years as an Employee  
0-1 year                                                                            1-3 years                                                                            3-5years                                        
6-10 years                                                                            10-20 years                                                                            Above 20years
  
5. What is your level in the organization?  
Top Level Management                                                                            Middle Level Management                                        
Operational Staff

**Section B: The role of cultural factors of Strategic Knowledge Management (SKM) on employee performance in the organization**

Please indicate your level of agreement or disagreement with the following statements regarding culture related SKM factors and their influence on employee performance in your organization.

Where 5 = strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = strongly Disagree, Tick ✓ where appropriate.

	1	2	3	4	5
1. In my organization, communication is important and plays a major role in influencing the performance of employees					
2. Knowledge and information transfer for problem-solving purposes is encouraged in my organization					
3. The organisational environment at my workplace enables employees to freely access information					
4. The form of leadership adopted in my organization promotes employee productivity					
5. Leadership and support in my organization is enabling and promotes employee productivity					
6. I am satisfied with the form of leadership and support in my organization					
7. Trust in my organization promotes knowledge sharing					
8. Trust is one of the major strengths in my organization					

**Section C: The role of people related factors of SKM on employee performance in the organization**

Please indicate your level of agreement or disagreement with each of the following statements regarding the people related SKM factors and their influence on employee performance in your organization.

Where 5 = strongly Agree, 4 = Agree 3 = Neutral, 2 = Disagree, 1 = strongly Disagree,  
**Tick ✓ where appropriate.**

	1	2	3	4	5
1. Employees in my organization are adequately empowered					
2. Empowerment initiatives in my organization are extremely satisfactory resulting in high employee productivity					
3. The leadership in my organization is continuously promoting employee empowerment					
4. Employees in my organization are highly satisfied with the training initiatives provided by the organization					
5. The training provided by my organization has significantly improved my performance					
6. Employees in my organization contribute significantly to decision-making processes					
7. The culture of team work embedded in my organization has enabled employees to perform their duties better.					
8. The structure of my organization promotes effective collaboration among employees					



**Section D: The role of structure related factors of SKM on employee performance in the organization**

Please indicate your level of agreement or disagreement with each of the following statements regarding the structure related SKM factors and their influence on employee performance in your organization.

Where 5 = strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = strongly Disagree, Tick ✓ where appropriate.

	1	2	3	4	5
1. Information technology is used by my organization to promote knowledge creation, transfer and sharing among its employees					
2. My organization provides sufficient training to its employees on how to use technology to improve performance.					
3. Information technologies adopted by my organization have improved performance.					
4. Organizational processes in my organization are well aligned and improve performance					
5. In my organization, there is sufficient coordination of organizational functions					
6. Knowledge and information are easily accessible in my organization					
7. In my organization operational decisions follow strict hierarchical protocols					
8. Employee skill development is influenced by knowledge sharing among co-workers in our organization.					
9. My organization encourages employees to learn from experience and adopt new work strategies in order to improve their performance.					

### **APPENDIX III: TIME SCHEDULE**

<b>DATES</b>	<b>JANUARY –JUNE 2015</b>
Proposal Writing	Jan-May 20th
Data Collection	May 20th-27th
Data Entry	May 28th- June 5th
Data Analysis	June6th-June12st
Report Writing	June 12th- 27th
Presentation	June28th-30th
Final Submission	July 1st

#### **APPENDIX IV: BUDGET**

<b>ITEM</b>	<b>COST</b>
Travel	10,000
Printing and Binding	9,000
Phone Expenses	2,000
Miscellaneous	3,000
<b>Total</b>	<b>24,000</b>