The Impact of Knowledge Management, Informational Technology, and HRM on Employee Performance: Evidence from Banking Sector

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Abstract: Banking sector of Pakistan witnessing high growth since ever. Due to increase in the branch network the competition has increased. Now having competitive workforce is vital for the success. This topic is very important in all types of organizations specially in developing organizations. Many researchers have already research on this topic. After review the past researches of different researchers (that further explain with their names) and also get the current information about this topic we able to write a research about “The impact of K.M on HR practice. The sample that we include consists of banks (government & private) with the 80 employees. The result shows that there is strong positive effect on employee’s performance of knowledge management in HRM.

Keywords: Knowledge management, Employees performance, Information technology, HR practice

I. INTRODUCTION

In this time of fast moving technological changes, knowledge management of HRM there are many banking sector that continuously struggle for the competitive advantage. Now, knowledge becoming the important factor of production (Gourlay, 2001). This means that we lost the organization’s knowledge if the employees decide to go from organization.

Knowledge management is a method through this organizational performance will be enhanced. It helps to achieve objects by creating, organizing sorting and utilizing the knowledge workflow strategy and cultural values are also depends on knowledge management. (How organizational environment and culture affect knowledge management) Kiessling, T.S etal. (2009).

Through literature review it is obvious that K.M have a lot of successful factors. In this research we find those factors that are interlink with information technology and play an important role in business performance. It display that there is an encouraging correlation in banking functioning of knowledge management practice. According to him a strong relationship exists between organization performance and K.M. however it is not well define that the knowledge management strategies how much effect on the organizational performance. Among different organizations, performance improvement of banks, as intermediaries among monetary and financial markets and organizations active in different economic sectors. Improvement of bank performance directly and severely impacts improvement of different economic sectors. Banking firms are also required that their employees go beyond to serve customer. It’s critical because employees must show proactive behavior and serve them in challenging service encounter to be able to adjust as situation demands (De Jong and De Ruyter, 2004). Additionally, banks and organizations, in general, owe their performance improvement to employee performance improvement. Knowledge management shows that how the organizational culture impact the organization effectiveness. Finally many of the research show that knowledge management has positive impact on the organizational performance (Akdere, 2009). There are many factors may influence HR performance in bank sector, to name just a few, job satisfaction, appropriate indicators of evaluation, non-discrimination among employees, job security, suitable work environment, and appropriate management style.

The problem is that organization how to control the retention, turnover and attract of employees in banking sector. There is lack of attention for actual situations such as firm size, performance, work involvement, nature of firm and it did not join with the basic equation model, which may make the data structure too principled.

The research can help banking sector to recognize expressive way of human resources management, exceptional solutions, and entire HRM process; research on modernization and innovative theory is favorable to develop workers’ advance intention, endorse workers modern behavior, and expand organization performance.

II. LITERATURE REVIEW

The study is to enhance the knowledge of employees. Knowledge groups and knowledge managers are evolving, but very rare banking organization are focusing knowledge management during their firms Kiessling, T.S et al. (2009).
When knowledge is used to make effective decisions, improve decision-making and decision quality, and when productivity and profitability are aimed at, knowledge turns into science (Gourlay, 2001). For this purpose the main factors are given below.

1. Knowledge management
2. Information Technology
3. HR Practices

To understanding these factors determining types of knowledge management. These factors are effect upon the employee performance.

Knowledge Management:
Davenport (1994) Knowledge management is the process in which we can create gather arrange all the accurate information for achieving the organization objective. Davinport, Thomas H. (2002), Protecting IT’sCore: Human Focused Information System.Knowledge is all about of culture and values of workflow. The positive impact of the knowledge management is increase the efficiency of employee performance.

Knowledge management is based on the three things:

- People.
- Process.
- Technology.

In this process people are most important. They process the correct information through the technology tools. The first step is accumulation in employee knowledge. Second step is utilization of the accumulation knowledge. To increase the ability of employees sharing the material and data among employee is vital and they should take ownership.

Information Technologies:
(Gourlay, 2001) The process of gather accurate information analysis and arrange all these information associated with the compute Knowledge Directions Personal Communication. IT plays an important role to increase the employee performance. To describe the impact of IT on knowledge management includes this.

- Capturing Technology
- Usage of Information Technology

For capturing knowledge different levels includes which is explicit, implicit or tacit.

- explicit
- Implicit.

IT is the set of information which is determine in visible system.

- Tacit.

IT consists of all information which is extreme difficulty operationally set out in tangible form. The information building enterprise: How Japanese Corporations Design the Crescendos of Modernization. New York: Oxford University Press.

- Usage of IT tools.

For use of information technology system it is important to use the IT tools. IT tools effect on the knowledge management and employee performance.

- Employee performance. The KM to enhance the ability of employees.

HR Practices:
The HR practices and Job performance Human resource are key elements of organization success (Dessler, 2010). HR practice as set of distinctive but interconnected functions, activities, processes that leads to attracts, develops, maintains firm Human capital (Lado and Wilson, 1994).

High resource practices significantly contribute to the accomplishment of organization goals and to add and create value for its clients and tangible assets. Different studies have endeavored to explain high performance work practices (Dessler, 2010). Generally HRM perform functions and practices of acquiring, training, retaining, empowering and motivates employees. Employee empowerment, training and reward are most popular among the different HR practices. When these practices used in effectively manners, they support and strengthen every one (Combs et al. 2006). Such an confirmation is support by internal fit. Internal fit is when combined outcome are much super or to the sum of parts of individual’s (Wall and Wood, 2005).

III. EMPLOYEE PERFORMANCE
Employee performance is the key to improve organizational performance. Research has highlighted various indicators of employee performance including job performance, extra role customer service, and organizational citizenship behavior. Job performance is defined as the level of productivity of a person, comparative to his or her pears, on outcomes and work related activities (Babin and Boles, 1998). Job performance of workforces plays a vital part to determining firm outcomes.

Earlier studies revealed that workers who are not right matched have low level of output. Person organization job fit can be a realistic forecaster of work outcomes because worker with high person-job fit had found to have high level of job outcomes (Edwards, 1991).

IV. METHODOLOGY
According to our past experience and literature review of business, it is true that information technology organizational elements and knowledge management have a strong relationship between each other.
Proposed model is here below:

V. RESEARCH MODEL

Hypothesis:

H1: Knowledge management has positive impact on employee’s performance.

H2: Information technology negatively influences employee’s performance.

H3: HR Practices has positive impact of employee’s performance.

Population and sample size:
The purpose of the research is assessing the performance of employee in banks sector. A sample should be collected from 80 employees and data that should be collected is voluntary.

Research design:
In this research convenience sampling is used and the research is cross sectional.

Research instruments:
The instrument used in the research is the effect the knowledge management on employee performance. The scale that should be used is Liker’s scale the division of 1-5 meaning 1= Disagree, 2= Neutral, 3= Agree, 4= Strongly Agree.

Data Collection:
The data should be collected from 80 employees and the technique that should be used is convenience sampling. The data collected from Male & Female. The level of employee is working in banks.

V. RESULTS AND DISCUSSION

Data is gathered through secondary sources as well. Secondary data is separated to explore the relationship employee’s performance and HRM. To determine the employees functioning in HRM, the role of knowledge management, information technology and HR practice is displayed in appendage.

The data gathered from bank’s employees inserted into SPSS sheet for more exploration. Regression analysis is operated to verify the relationship of employee’s performance. Following regression models are established.

\[ KM = \alpha + \beta_1 EP + e \]
\[ IT = \alpha + \beta_2 EP + e \]
\[ HRP = \alpha + \beta_3 EP + e \]

Relationship between EP and KM:
The results of the study show that there is significant relationship between EP and KM with \( \beta = .403 \), T-value = 3.582 and \( p = .001 \). Table showing the result of analysis is shown below. Significant positive relationship occurs between EP and KM. The significance of data shows that 40% positive change in EP is due to KM. Thus the result authenticated H1.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.403</td>
<td>.163</td>
<td>.150</td>
<td>.90485</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), knowledge

ANOVA:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>10.507</td>
<td>1</td>
<td>10.507</td>
<td>12.833</td>
<td>.001*</td>
</tr>
<tr>
<td>Residual</td>
<td>54.038</td>
<td>66</td>
<td>.819</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>64.545</td>
<td>67</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Coefficients:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.646</td>
<td>.405</td>
<td>1.596</td>
<td>.115</td>
</tr>
</tbody>
</table>

Relationship between IT and EP:
The result of the study display that there is insignificant relationship between IT and EP with \( \beta = 0.102 \), T-value = 0.846 and \( p= .400 \). The index showing the result of analysis is shown below. Expressively, \( \beta \) shows significant negative relationship occurs between IT and EP. The result of current study also validates H2.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.102</td>
<td>.010</td>
<td>-.004</td>
<td>.96939</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), information technology
Knowledge management is a method through this organizational performance will be enhanced. It helps to achieve objects by creating, organizing sorting and utilizing the knowledge workflow strategy. In this research we find those factors that are interlink with information technology and play an important role in business performance. In literature review it have correlation in banking function of knowledge management.

We find the problem of employee’s retention, turnover problem and attraction of employees in this sector. There is also lack of attraction of firm size, performance and work environment. Research can help banking sector to recognize modern way of human resources management, exceptional solutions and entire HRM process.

We have made three hypothesis knowledge management, information technology and HR practices. Knowledge management based on people, process and technology. IT plays an important role for employee’s performance that includes in knowledge management by capturing technology and usage of new technologies.

According to past experience it is true that information technology and knowledge management have a strong relationship between each other. We also develop the hypotheses that show if our HR practices are strong our employee’s performance will increase. If we use high usage of IT then performance of employees’ performances improves.

We also made a model a model that shows our variables. In dependent variable we include knowledge management, information technology and HR practices, and in independent variable we include employee’s performance. We also check the results of dependent variables on independent variable. The result show that knowledge management has positive impact on employee’s performance, information technology has negative effect on employee’s performance and last dependent variable HR practices have positive impact on employee’s performance.

**Regression Analysis:**

The index show below delivers a summary of regression analysis and the consequence approval or refusal of hypotheses testament:

**Summary of Regression Analysis**
Information Technology (3) HR practices (4) Employees performance. We take the data from 80 employee and make (3) hypothesis on the base these analyses. KM influences ability, clarity, help, validity, incentive, and evaluation first and foremost. The impact KM on HR practices recommended that organizations put stress on succession culture and staff empowerment through holding seminars, conferences, taking staff to business-oriented, mentoring, and management games.

H1…The HI gives positive response because knowledge directs effect on performance.

H2…IT is negative effect on KM but some effects happen…

H3…The performance is effect on KM and hypnosis positive.

Finally, we explore that the KM conceptual model provided in this paper is a useful starting theme to achieve a hidden vision into KM essentials and their impact to the employee performance. In spite of the privileges for a relation among KM and performance, rare researchers have truly verified the survivals, as well as the wildlife of this relation. In this paper, an encouraging impact of KM on employee performance is observed and verified. This termination can be useful as a beginning step for leaders who are to apply the KM through their employee.

Future gap looks to be a lack of studies concentrating resolutely on estimation of knowledge management and information technology. Deliberating that both origins can be dynamic to the achievement of KM initiative and modern IT implementation, exploration on these origins is mandatory.

Moreover there is a gap between the Micro level valuation findings (Employees level) and Macro level valuation findings (Corporation level). Perhaps further research on Hr practice and KM assessment may assist to join this gap. Combination from employee’s performance level appraisal and subsequently organization KM assessment could deliver a valuable opportunity for future research.

REFERENCES


