Research Paper

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The Influence of Organizational Culture Dimensions on Knowledge Management Practices in the Banking Sector of the Kingdom of Saudi Arabia

Management

KEYWORDS : Knowledge Management, Organizational Culture, Knowledge, Culture

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ABSTRACT

A quintessential precondition and constraint for Knowledge Management is culture. Therefore, the initiative of Knowledge Management, should be sensitive to Organizational Culture. Culture changes with the change in geographical landscape. Therefore, it is very important that an organization take it into account. A current system or setting that works for an organization abroad is not necessarily one that will work for Saudi organizations. The organization that acclimatizes successfully a system that is entirely compliant with the culture of Saudi Arabia will embrace the brightest and the best the culture has to offer.

Knowledge Management is one of the most researched topics in India and the west. However, there are not many studies on Knowledge Management in Saudi Arabia. This research is intended to study the paradigm of Knowledge Management and Organizational Culture that is existing within the organization setting in Saudi Arabian banks

INTRODUCTION:

A quintessential precondition and constraint for Knowledge Management is culture i.e. the initiative of Knowledge Management should be sensitive to Organizational Culture and social practices (Alvesson & Karremen, 2001). Knowledge can be best understood as situated community based set of meanings not as objective facts nor causal explanation. Hence, focusing on the information system without considering the culture part could hinder the Knowledge Management practices.

To avoid any disharmony within an organization that may threat the knowledge transfer process, it is very important that when it is needed to transfer knowledge, the method must always suit the culture (Davenport, 1998). Culture changes with the change in geographical landscape. Therefore, a current system or setting that works for an organization abroad is not necessarily one that will work for Saudi organizations. The organization that acclimatizes successfully a system that is entirely compliant with the culture of Saudi Arabia will embrace the brightest and the best the culture has to offer.

NEED OF THE STUDY

Knowledge Management is one of the most researched topics in India and the west. However, there are not many studies on Knowledge Management in Saudi Arabia. This research is intended to study the paradigm of Knowledge Management (KM) and Organizational Culture (OC) that is existing within the organization setting in Saudi Arabian banks. So that further research pertaining to the inter-relationship between KM and OC can be carried out.

OBJECTIVES OF THE STUDY

- To construct the scales for Knowledge Management and Organizational Culture
- To check the reliability and the internal consistencies of the scale implementing Cronbach's Alpha

RESEARCH METHODOLOGY

This study endeavoured to construct the scales and check the reliability of the scales for Knowledge Management and Organizational Culture attributes in two leading banks in the Kingdom of Saudi Arabia. To construct the scales, Exploratory Factor Analysis was implemented and Cronbach's alpha was used to determine the reliability.

The sampling method used in this study was a purposive random sampling. Purposive random sampling involves identifying the major stakeholders who were involved in designing, giving, receiving or administering the program or service being evaluated, and who might otherwise be affected by it (Palys, 2008).

The permission to collect the data from the two banks was given under the condition of not revealing the names of those banks. Therefore, the first bank, which is a public bank, referred to as bank "A". The second bank, which is a private bank, referred to as bank "B".

The total number of questionnaires distributed was two hundred, one hundred for each bank. The received questionnaires were 140. Seven questionnaires were discarded for incompletion. The considered questionnaires for the study were 133. The return rate was 70%. The demographic distribution of the sample is given in Table 1.

Table: 1
Respondents' Profile

Dimensions	Category	Percentage of Respondents
Bank	A	46
	B	54
Gender	Male	80
	Female	20
Age	21-30	52.6
	31-40	39.8
	Above 40	7.6
Education	Diploma	16.6
	B.S.	70.4
	Post Graduate	13
Designation	Officers	50.4
	Sr. Officers	30.8
	Manages	18.8
Experience (Years)	2 to 5	31.6
	6 to 10	46.6
	Above 10	21.8

As illustrated Table 1, it could be found that 80% of the respondents were male and 20% were female. Around 53% of the respondents belonged to the age group of 20-30. In the same line, majority of the respondents, 70.4% were Bachelor holders. Almost half (50.4%) of the respondents were officers. It could be noticed also that a significant percentage of the respondents, 46.6%, had an experience between 6 – 10 years.

FACTOR ANALYSIS

The questionnaire consisted of three parts. The first part was about the personal and demographic information. The second part was about Knowledge Management. The third part was about Organizational Culture.

The first step to develop the questionnaire was the generation

of the pool of items. Based on the available literature as well as interviews and discussions with a number of managers and employees working in banking industry, the researcher generated a pool of items relevant to Saudi's corporate context. Some items that seemed relevant to the organizational context were also selected by carefully studying the questionnaires developed by others. The items generated were examined by six experts. They were briefed about the purpose of the study and were requested to carefully examine the generated items in terms of expression, grammar, clarity, and content validity. Based on the feedback of experts, items that appeared to be complex were rewritten or omitted.

Thereafter, Knowledge Management items were categorized into five different aspects of Knowledge Management, namely, Knowledge Acquisition (6 items), Knowledge Creation (5 items), Knowledge Sharing (9 items), Knowledge Application (7 items) and Knowledge Documentation (5 items). The total number of items was 32.

In case of Organizational Culture, 42 items were categorized into five different aspects of organizational culture, namely, Learning (11 items), Trust (10 items), Collaboration (8 items), Autonomy (6 items) and Formalization (7 items).

The items were given the format of a proper questionnaire along with instructions in order to carry out the empirical evaluation of these items. A five point Likert type scale with the following anchors: "Strongly Disagree", "Disagree", "Undecided", "Agree", "Strongly Agree" was used to score the statements.

TEST OF RELIABILITY AND VALIDITY OF THE SELECTED ITEMS

In order to determine the construct validity of Knowledge Management, factor analysis was conducted with Principal Component Method and Varimax rotation. The purpose of factor analysis at this stage was to obtain theoretically meaningful dimensions.

Before conducting factor analysis, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) and Bartlett's test of Sphericity was carried out to see the suitability of the factor model. The KMO for the Knowledge Management and Organizational Culture data set was above 0.60 (0.88 for KM and 0.89 for OC). Similarly, the Bartlett test for Sphericity was found to be significant (1.02 for KM and 2.05 for OC; p <.000).

The items to be retained in any factor were selected on the basis of the following criteria.

- The selection was constrained using the criteria of Eigen values > 1.00
- Meeting the criteria of factor loading generally not less than .50

DATA ANALYSIS

Table: 2

Final Selected Items for Knowledge Management after Factor Analysis

Item Code	Statements	Factor Loading
Q1 KA1	Employees acquire knowledge from the knowledge and experiences shared by the experts	0.74
Q2 KA2	Informal meetings and discussions are an important source of knowledge accumulation	0.83
Q3 KA3	Employees gain useful knowledge by attending seminars, workshops and conferences	0.64
Q4 KA4	Employee's interactions amongst themselves often lead to gaining new knowledge	0.58
Q5 KA5	The feedback system prevailing in our organization is an important source of knowledge creation	0.65
Q6 KS1	Managers are encouraged to share their knowledge with their team member to enable them for higher responsibilities	0.64
Q7 KS2	Our bank encourages its employees to share knowledge acquired by attending training programs / workshops / seminars etc.	0.82
Q8 KS3	Our bank has a culture of knowledge sharing	0.80
Q9 KS4	Employees improve task efficiency by sharing information and knowledge	0.57
Q10 KU1	Employees are able to systematically use knowledge necessary for accomplishment of tasks	0.76
Q11 KU2	Our bank applies knowledge to cope up with the competitive business environment	0.81
Q12 KU3	Employees often get a chance to apply their knowledge	0.72
Q13 KU4	Employees are required to document legal guidelines and policies related to tasks	0.77
Q14 KU5	Necessary measures are taken to store knowledge for future references	0.71

Table: 3

Eigen Values and Percentage of Variances explained by three factors of KM Factors

Dimension	Eigen Values	% of Variance Explained By The Factor	Cumulative % of Variance
KU	6.74	48.10	48.10
KA	1.33	9.55	57.65
KS	1.10	7.54	65.39

Table: 4

Cronbach's Alpha Reliabilities of KM and its subsets (N=133)

Factor No	Dimension	No of Items	Coefficient of Alpha
I	KU	5	0.88
II	KA	5	0.84
III	KS	4	0.80
	KM	14	0.87

Table: 5

Final Selected Items for Organizational Culture after Factor Analysis

Item Code	Statements	Factor Loading
Q15 L1	Employees get opportunities to attend various training programs and study related courses to improve their performances	0.78
Q16 L2	The content of the training programs and self-development programs are updated keeping in mind the requirements of the employees	0.79
Q17 L3	Our bank has a provision of different work assignments for the development of its employees	0.79
Q18 L4	Attending seminars, workshops and conferences are encouraged to gain knowledge	0.75
Q19 L5	Our bank encourages employees to learn from one another	0.57
Q20 L6	Our bank invites experts to share their knowledge and experiences	0.56
Q21 T1	There is goodwill and mutual care between the employees	0.52
Q22 T2	Employees are encouraged to give their honest feedback	0.64
Q23 T3	In our bank employees can rely on each other	0.82

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Q24 T4	Employees have confidence in the system and policies (appraisal, promotion, reward, etc.) of the organization	0.72
Q25 T5	Usually, employees are not afraid of letting their managers know their mistakes	0.77
Q26 T6	In our bank, employees can rely on the management	0.72
Q27 COL1	Our bank members are helpful and supportive	0.77
Q28 COL2	Managers like to consult subordinates (they collaborate) while making decisions	0.69
Q29 COL3	Employees work as teams more often than individually, especially when making important decisions or solving important issues	0.62
Q30 COL4	Employees feel strongly committed toward one another	0.78
Q31 AUTO1	Employees have access to information related to their tasks freely.	0.68
Q32 AUTO2	Employees can decide what information is needed and use it accordingly.	0.61
Q33 AUTO3	Employees can take actions without the approval of their superior.	0.73
Q34 AUTO4	Employees are encouraged to make their own decisions.	0.75
Q35 FORM1	There is a correct way to do things in our organization that everyone knows.	0.62
Q36 FORM2	Usually, meeting superiors are on formal or planned basis only.	0.79
Q37 FORM3	Employees are strictly bound to follow the written rules and procedures.	0.68

Table: 6
Eigen Values and Percentage of Variances explained by five factors of OC Dimensions

Factors	Eigen Value	% of Variance Explained By The Factors	Cumulative % of Variance
Learning	10.80	46.94	46.94
Trust	1.90	8.28	55.22
Collaboration	1.40	6.10	61.32
Autonomy	1.24	5.40	66.72
Formalization	1.10	4.68	71.40

Table: 7
Cronbach's Alpha Reliabilities of KM and its subsets (N=133)

Factor No	Dimension	Number of Items	Cronbach's Alpha
I	Learning	6	0.88
II	Trust	6	0.89
III	Collaboration	4	0.86
IV	Autonomy	4	0.82
V	Formalization	3	0.76
	OC	23	0.86

FINDINGS

Knowledge Management

Results of factor analysis yielded a three factors solution, interpretable in terms of three distinct processes of Knowledge Management. These were Knowledge Accumulation (KA), Knowledge Sharing (KS) and Knowledge Utilization (KU). The three factors accounted for 65.7% of variance. It means that these three factors could explain 65.39% of the KM variable. From initial 32 items, 14 items were retained covering three factors. Factor I, Knowledge Utilization with five items (consists of knowledge application and documentation items), Factor II, Knowledge Accumulation with five items (consists of knowledge acquisition and creation items) and Factor III, Knowledge Sharing with four items. The factors and the corresponding variables were given in Table 2.

Table 3 showed that Factor I (KU) has an Eigen value of 6.74, which explained 48.10% of the total variance, whereas Factor II (KA) has an Eigen value of 1.33 and explained 9.55% of the total variance. Factor III (KS) has an Eigen value of 1.10 and explained 7.54% of variance. The total variance explained by the three factors was 65.39%.

In order to establish the internal consistency and reliability of the KM construct and its three factors, Cronbach's alpha was computed and the results are given in Table 4. Results in Table 4 showed a satisfactory level of reliability coefficients for the three subsets of KM. It ranged from 0.80 to 0.88, indicating a good internal consistency for KM Questionnaire and its three subsets. The reliability of the KM construct was 0.87.

Organizational Culture

Results of factor analysis for Organizational Culture attributes yielded five factors of Organizational Culture and labelled as Learning, Trust, Collaboration, Autonomy and Formalization. The five factors accounted for 71.40% of variance which means that these five factors explained 71.40% of Organizational Culture variable.

From initial 42 items, 23 items were retained covering five factors. Factor I, Learning had six items, six items loaded on Factor II i.e. Trust, four items loaded on Factor III i.e. Collaboration, four items loaded on Factor IV i.e. Autonomy and three items loaded on Factor V i.e. Formalization. The factors along with the variables comprising the factors are given in Table 5.

Table 6 showed that Factor I (Learning) has an Eigen value of 10.80, which explained 46.94% of the total variance, whereas Factor II (Trust) has an Eigen value of 1.90 and explained 8.28% of the total variance. Factor III (Collaboration) has an Eigen value of 1.40 and explained 6.10% of variance; while Factor IV (Autonomy) and Factor V (Formalization) have Eigen values of 1.24, 1.10, and explained 5.40%, 4.68% of the total variance respectively. The total variance explained by the five factors was 71.40%.

In order to establish the internal consistency and reliability of the Organizational Culture Questionnaire and its five factors, Cronbach's alpha was computed and the results were shown in Table 7. Results in Table 7 showed a satisfactory level of reliability coefficients for the five factors of Organizational Culture Construct. It ranges from 0.76 to 0.89, indicating a good internal consistency for Organizational Culture Construct and its five factors. The reliability of the Organizational Culture construct was 0.86.

CONCLUSION

The finding of the result is in line with a lot of past researches which endeavoured to build the constructs for Knowledge Management dimensions and Organizational Culture attributes and attempted to investigate the relation between the two. This study has shown that Knowledge Management is mainly comprised of Knowledge Accumulation, Knowledge Sharing and Knowledge Utilization. This three factor model for Knowledge Management bears close semblance with knowledge management process proposed by Alryalat and ALHawari (2008) that includes the following three main phases: Knowledge Capturing, Knowledge Creation and Knowledge Application.

As cited by Lopez et al (2004) teamwork, collaboration and trust are the key organizational culture variables. However, this study exhibited that apart from collaboration and trust, the variables that define organizational culture are learning, autonomy and formalization. Thus, the culture of the organization should provide the learning opportunities to the employees and along with, it must have an open environment so that it encourages to trust each other and collaborate with others to work effectively

in a team so as to achieve organizational goals smoothly. Also, the findings of the study suggested that the employees must be given more power to take independent decisions since it would facilitate faster decision making process. Thus, Learning, Trust, Collaboration, Autonomy and Formalization are the key factors that determine the culture of an organization.

RECOMMENDATIONS OF THE STUDY

The study adopted Exploratory Factor Analysis to explore the factors or the variables that determine the Knowledge Management dimensions and the Organizational Culture attributes of an organization. The factors of KM and OC can be used to find the relationship between KM dimensions and the OC attributes. The researchers of this study is promised to take this study further and to explore meaningful relationships between the dimensions of Knowledge Management and Organizational Culture.

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