

Knowledge Management, Employee Satisfaction and Performance: Empirical Evidence from Nepal

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Abstract: Knowledge Management (KM) is the process that deals with obtaining, processing, storing, disseminating and applying of information and knowledge within an organization to support and enhance its business performance and employee satisfaction. Financial institutions are realizing knowledge as a crucial resource in organization and should be managed judiciously. Despite the claims for positive relation between KM process and employee satisfaction in banking sector, few researchers have actually proved it. Therefore, the main objective of this study was to measure the effect of knowledge management practices on employee satisfaction of banking sector in Nepal. In this study, a sample of 385 respondents was selected randomly from four different types of financial institutions of Kathmandu, Nepal. Statistical analysis was done to draw the conclusion. The results clearly showed that components of KM process (KM obtaining, KM organizing & KM applying) had positive relation with the organizational performance measured in terms of employee satisfaction.

Keywords: Banking, Employee Satisfaction, Financial Institution, Knowledge Management, Nepal, Performance

INTRODUCTION

In this paper, we discuss the basic definitions of knowledge and knowledge management followed by knowledge management in banking sector, research framework, hypotheses, measuring the effect of KM in employee satisfaction and organizational performance. Finally, we conclude with discussion and implication for future research.

Knowledge & Knowledge Management

Knowledge is defined by the Oxford English Dictionary as (i) expertise, and skills acquired by a person through experience or education; (ii) the theoretical or practical understanding of a subject, (iii) what is known in a particular field and (iv) awareness or familiarity gained by experience of a fact or situation. Philosophical debates in general start with Plato's formulation of knowledge as "justified true belief", however, there is no single agreed definition of knowledge and presently, there are numerous competing theories based upon it.

Since man's inception, knowledge has been a part of this world. Ancient Hindu and Greek texts were the first evidence of codifying knowledge. Fredrick Taylor made an attempt to formalize workers' experience and tacit skills into objective rules and formulae in 1911. Polanyi [1] differentiated between tacit and explicit knowledge. Tacit knowledge is personal, inner, context specific, and therefore hard to

communicate. It basically lies inside the mind of a person. Explicit knowledge is the knowledge that can be expressed in symbols, words and numbers.

Peter Drucker [2] states, "We are entering the knowledge society in which the basic economic resource is no longer capital or natural resources or labor but is and will be knowledge and where knowledge workers will play a central role". He further suggests "The organization has to raise the productivity of knowledge and knowledge workers to meet the challenge". Drucker introduced the term "knowledge society" in 1992 and argued that in the future, knowledge would be the primary resource for individuals and for the economy as well. Capital land and labor have been secondary resources since, with specialized knowledge; one can easily obtain these resources.

The most dominant concepts of organizational knowledge within the current literature are the notions of 'tacit' and 'explicit' knowledge [3]. The foundation of these concepts can be traced back to the work of Michael Polanyi and Gilbert Ryle. From the organizational perspective, knowledge is viewed as an intangible asset held within the minds and actions of the organization's employees [4]. Knowledge may also take the form of a tangible asset that might be manipulated through technology. These views are in line with Polanyi's notion of explicit and tacit knowledge.

Knowledge Management is the concept that arose approximately before two and half decades. It means organizing information and knowledge holistically. Davenport *et al* [5] clearly stated that knowledge management is the process of capturing, distributing and effectively using knowledge. Knowledge management is the method of information creation, endorsement, presentation, spread and appraisal [6].

Therefore, Knowledge management is the process of creating, collecting, organizing, disseminating and utilizing knowledge. It is based on the assumption that organizations have a high volume of data, which consist of reports, information like financial information, confidential information, tangible information etc. Organizations apply different mechanisms to organize irregular data and convert them into practical information which totally form knowledge management processes [7].

KM in Banking Sector

In recent times, the world has become as a global village and businesses are experiencing dynamic and competitive environment. Banks and other financial institutions play vital role for economic development of a country. In banking sector, the era of financial capital is now less significant and transformed into the era of knowledge workers and knowledge professionals. Financial organizations have their unique system, culture, processes, structure, values, skills and knowledge which affect the competitive advantage, increase the productivity and market value.

If we go through the history, the notion of applying knowledge management inside the World Bank started in 1996 being the first bank that implemented Knowledge Management. Till the first quarter of the 2000, it was implemented in Europe (United Kingdom, Germany, Portugal and Spain), United States of America, Canada and Japan. However, some of the banks in developing countries (e.g. India, Malaysia, United Arab Emirates, Egypt, Libya, Tunisia, Mauritius, and Lebanon) adopted Knowledge Management systems in the 3rd and 4th quarter of the last decade. However, very few scholarly researches were carried out on KM in banks in developing countries.

Financial organizations are ranked first among the industries implementing knowledge management which regards the knowledge of their employees and technological advancement as the key to generate competitive advantage and maintaining their threatened domination of the market for financial services. In Nepalese context, financial sector, especially banks and finance companies, is very competitive. Knowledge is the major resource to gain competitive advantage in this sector. Obtaining comprehensive information on how

knowledge is managed and utilized is very important in this sector. Although, there is yet very little information on knowledge management in developing countries, it is quite essential to examine perceptions on nature, practice, benefits, challenges, responsibilities and technological aspects that are entailed in managing the knowledge in financial sectors. Issues that encourage and restrict knowledge obtaining, organizing and application should also be discussed together with the effect of KM practices on enhancing employee satisfaction and performance improvement which was yet to be explored in Nepalese context.

Although knowledge management has been widely discussed by many academicians and practitioners, there is paucity of literature and information on knowledge management in Nepalese context. So, empirical research was felt necessary to build a comprehensive model of the context of knowledge management process and how it affects employee satisfaction and their performance in the developing countries. This research aims to examine knowledge management processes used by financial institutions in developing countries and by doing so it will contribute by establishing and proving the relationship of knowledge management and business performance to solve difficult problems within the given context. Since little research is available on people's perceptions that may affect the practice of KM through their attitudes and there is a dearth of empirical studies of KM practices conducted in the financial institutions in Nepal, the researchers felt strong necessity to address and resolve key issues of Knowledge Management and employee satisfaction in Nepalese context. So the major objective of the research work was to measure the effect of knowledge management process in improving overall employee satisfaction and their performance of Nepalese financial institutions.

Employee Satisfaction

Each organization aims to achieve its predetermined goals that can be achieved by maximum utilization of available resources in the organization. Of all the resources available within the organization, human resources are the most important and decisive. The potential of human resources affects the organization's success in achieving goal, because it is the human resource that needs to be fostered and maintained. However the rapid advancement of information and technology, availability of capital and inadequate materials but without skilled human resources and professionals would be difficult to achieve the goals of the organization. Organizational behavior theory explains that people do something if they are given stimulus or encouragement. Foster the urge employees to want to work in achieving the goals and objectives specific and efficient institutions can be different because of the behavior of each individual is different. There are some special factors that cause

individual differences in behavior are: perception, attitude and personality of each individual. Achievement motive is an inner urge to employee for performing a task or activity to be able to achieve optimum performance.

Employee satisfaction is the degree of an individual's feelings both negative and positive on the job. Employee's satisfaction indicates various aspects like salary, the inter-relationship between employees and their job. With a high level of job satisfaction employee can improve performance because they are motivated to perform better.

Theoretical & Conceptual Framework

The major theories that guide our study consist of Choi's extended model (2002), Lee and Choi model (2003), Park's model (2006) and Niu's Model (2010). Choi's extended model identified the constructs of knowledge management strategy and knowledge management performance and indicated that knowledge management strategy was positively related to

knowledge management performance. The Lee and Choi [8] identified the KM enablers and indicated that KM enablers were related to the knowledge management capability and knowledge management performance. Similarly, Park's model identified the construct of knowledge management process capability, and indicated that knowledge management enablers and knowledge management process capability were positively related to knowledge management performance. To measure knowledge management performance, Choi [9] combined financial indicators with non-financial indicators and made comparisons to key competitors in five areas like profitability, market share, innovation, growth rate and success.

Moreover, this study follows the concept of Niu's model [10] for KM process divided into 3 activities: knowledge obtaining, knowledge organizing and knowledge applying; and their effect on employee satisfaction towards enhancing organizational performance.

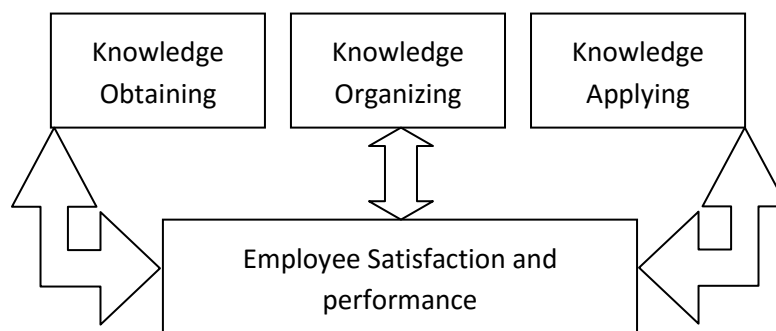


Fig-1: Conceptual framework of the study

Knowledge Obtaining

Knowledge obtaining is composed of two activities, viz., knowledge acquisition and knowledge creation. Two ways of knowledge obtaining are to seek and acquire new knowledge, or to create new knowledge out of existing old knowledge through cooperation between business alliances and individuals [11]. Knowledge acquisition refers to an organization's attempt to obtain information and/or knowledge from external sources [12-17] to fulfill organizational vision and mission. According to Gottschalk [18] and Ho [19], knowledge obtaining means the members' ability to understand and acquire knowledge from internal and external sources in the organization. The key notion of knowledge creation is an organization's attempt to create information or knowledge from internal sources [10,20].

Knowledge Organizing

Knowledge organizing is composed of knowledge refining, knowledge storing, and knowledge sharing [10]. Knowledge refining is an organization's value-adding process to newly obtained information or knowledge by filtering, categorizing, codifying,

integrating, and indexing [21]. The key notion of knowledge storing is an organization's attempt to store and save information or knowledge after refining it for future use [10] to get quick access to the acquired knowledge by proper media. It is an organization's attempt to store and save information or knowledge after refining it manually or by using technology with suitable protection for knowledge access.

Knowledge sharing refers to the mechanism of the diffusion of knowledge within an organization [22]. It is a social interaction or shared understanding for exchanging knowledge by applying both personnel or virtual networks within the organizations, and formal or informal face-to-face meetings [23]. The key notion of knowledge sharing is the sharing or exchanging of new knowledge in both formal and informal face-to-face meetings, through virtual networks, and between external and internal organizations [5,23].

Knowledge Applying

Knowledge applying is to make knowledge active and more appropriate for the organization in creating value by new products and services.

Knowledge applying is the employee's knowledge usage for solving organizational problems or challenges that leads to fewer mistakes or efficiency improvement [24,25]. The key notion of knowledge applying is an organization's value-creating activity by using information or knowledge [26-28]. From past researches, it can be concluded that knowledge applying is an organization's value-creating activity by the use of new knowledge.

Measuring Employee Satisfaction & Performance

Employee Satisfaction refers to the attitude of an employee towards his work and organizational environment. Each employee has a different level of satisfaction in accordance with the system of values prevailing itself, because each employee has a wide range of perceptions of job satisfaction itself. Employee satisfaction concerns with a person's attitude about his work, because it involves sense of job satisfaction, attitude, joint venture, and his/her behavioral & emotional tendencies. Job satisfaction is an attitude of employees and emotional state towards their job based on the circumstances where intersection occurs between the existing remuneration of employees and level of desired remuneration by the employee. Achieving expected result in the work environment, employee satisfaction has an important role and prime function in the organization. Job satisfaction is worth noting because it affects the behavior of work such as: labor turnover, motivation, productivity, recognition, complaints and others issues.

Methods for measuring organizational performance in knowledge management can be categorized into four groups: financial measures, intellectual capital, tangible and intangible benefits, and the balanced scorecard. Kaplan and Norton [29] present the Balanced Scorecard (BSC) method which can evaluate the organization in both financial and non financial dimensions. This approach balances the financial objective and intangible assets like organizational learning and growth, outside organizational dimensions like stakeholders and customers; and the inside organization dimension like internal processes and employee satisfaction. Of course, more than 50% benefit of an organization is derived from intangible assets. BSC approach appraises four dimensions: financial, customer, employee and learning. In short, this approach is accepted as an effective measure of organizational performance.

The balanced scorecard is more useful than intellectual capital or a tangible and intangible approach because it shows cause and effect links between knowledge components and organizational strategies [29]. So this study adopts a partial balanced scorecard method measuring performance in terms of employee satisfaction to improve the performance. In this study the construct "Employee Satisfaction" was operationalized by eight different variables viz.

employee turnover, reward system, motivation, participation in decision-making, training/staff-involvement programs, knowledge sharing culture, job-rotation, promotion and recognition.

Hypothesis Formulation

According to literatures and past experience, we believe that strong relations between the elements of knowledge management process (knowledge obtaining, knowledge organizing and knowledge applying) and employee satisfaction of financial institutions can be established. Besides, our intention was to investigate and prove the existence of a positive relation of knowledge management on organisational performance in terms of employee satisfaction. Therefore the findings from literature and our assumptions were systemized and structured in the form of following hypotheses and examined by this empirical research.

Hypothesis 1

H0: There is no significant effect of knowledge obtaining on employee satisfaction of Nepalese financial institutions.

H1: There a significant effect of knowledge obtaining on employee satisfaction of Nepalese financial institutions.

Hypothesis 2

H0: There is no significant effect of knowledge organizing on employee satisfaction of Nepalese financial institutions.

H1: There a significant effect of knowledge organizing on employee satisfaction of Nepalese financial institutions.

Hypothesis 3

H0: There is no significant effect of knowledge applying on employee satisfaction of Nepalese financial institutions.

H1: There a significant effect of knowledge applying on employee satisfaction of Nepalese financial institutions.

MATERIAL & METHODS

The study is based on the quantitative research design. The data was collected from the banking and financial institutions of Kathmandu, Nepal by using the structured questionnaire survey. In total, 385 respondents were selected from banking and financial institutions of Kathmandu valley by using the proportionate stratified random sampling technique. The questionnaire was developed in five-point Likert Scale as (1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree and (5) Strongly agree. The research instrument was pre-tested to ensure the validity and reliability of data. The collected data was analyzed through the statistical models: frequency distribution, correlation and regression analysis. SPSS-20 was used in this study to analyze the collected data from the banking sector of Nepal. The data is presented in the tabular form.

In general, Cronbach's Alpha (α) Coefficient is used to test the internal consistency reliability of the question, the Likert scale of which is more than three. Cronbach's alpha (α) values normally lie between 0 and 1 and α -coefficient is the best predictor to measure the convergent validity as

well (Cooper & Schindler, 2003; Moore & Benbasat, 1991; Nunnally *et al.*, 1967). In Table 2, the Cronbach's alpha (α) results are shown. All values are above the minimum acceptable criteria of 0.7 and in-line with the previous studies (Gold *et al.*, 2001; Zaied, 2012, Rasula *et al.*, 2012, Zaied *et al.*, 2012).

Table 1: Cronbach's α Coefficient

S.N.	Dimensions	No of items	Cronbach's α	Variance
1	Knowledge Obtaining	11	0.893	0.130
2	Knowledge Organizing	12	0.894	0.006
3	Knowledge Applying	05	0.834	0.005
4	Employee Satisfaction	08	0.834	0.035

Source: Field Survey, 2016

RESULTS

Demographic Profile

A sample of 385 respondents were selected for the study from the four different types of bank of Nepal;

Government Bank, Private Commercial Bank, Development Bank and Finance and Cooperatives as shown in the following table.

Table 2: Respondents' Profile

Type of Institution	Male	Female	Total
Government Bank	62	15	77
	16.1%	3.9%	20.0%
Private Commercial Bank	85	69	154
	22.1%	17.9%	40.0%
Development Bank	64	13	77
	16.6%	3.4%	20.0%
Finance & Cooperatives	37	40	77
	9.6%	10.4%	20.0%
Total	248	137	385
	64.4%	35.6%	100.0%

Source: Field Survey, 2016

The above table describes the respondents' profile of Nepalese banking and financial institutions participated in this survey. Respondents were categorized based on four sectors including Government Banks (20%), Private Commercial Banks (40%), Development Banks (20%), and Finance and Cooperatives (20%). 64.4% male and 35.6% of female of various position/job title from Chief Executive Officer to field staff were selected using proportionate stratified sampling method. Among them 21 respondents were high school graduates, 103 respondents hold bachelor's degree, 255 respondents hold master's degree and remaining 6 respondents got MPhil/PhD. Respondents with experience of less than 6 months were discarded and minimum 6 months to maximum 46 years were taken for analysis being mean years of experience 10.324 with standard deviation 7.87 years.

Regarding number of staffs working under the respondents, 39.0% had below 10 employees; 31.1% had employees between 10 and 20; 15.4% had employees between 20 and 30; 5.9% had employees between 30 and 40; 3.5% had employees between 40

and 60 and remaining 5.1% had employees above 60. From the date of establishment, it was found that 40.5% of organizations remained in the business for 5 to 10 years, 35.9% for 10 to 30 years and 23.6% of them had more than 30 years of experience.

Employee Satisfaction

The expectations from job are subjective in nature because they vary from individual to individual due to multiple factors. According to the previous literature, job satisfaction influences employee turnover and productivity in organizations. These two aspects are very critical for an organization to compete successfully. In this study the construct "Employee Satisfaction" was measured by eight different variables. Many of respondents neither agreed nor disagreed (neutral) followed by 30.4% for 'employee turnover' which was decreased for last seven years. 41.3% of the respondents agreed on 'Organization encourages people to share knowledge and reward them for doing so'. 'Employees are motivated through staff involvement program' for their satisfaction was accepted 43.9% respondents. They agreed in 'Increase in employee knowledge sharing and participation in decision-making

process' followed by 45.5%. For the employee satisfaction, training and development programs are needed and the majority of respondents agreed on it followed by 50.6%. There must be reward package for the best employees in organization and on this statement, majority of respondents had neutral response; they neither agreed nor disagreed with this policy of organization. 'Employees are appointed to work/lead in cross-functional task forces'; this was followed by 44.7% of respondents. 45.7% of the respondents agreed on 'Employees must be promoted and recognized at company level'.

Factor Analysis

Employee Satisfaction was modeled in both conceptualization of the research model as first order variable. Then one confirmatory factor analysis with varimax rotation was conducted to assess the underlying structure to measure the employee satisfaction. Table presents the loading factor for the banking employee satisfaction. The result in the Table show that all the loading values are greater than the cut-off level (0.5), this measurement is acceptable.

Table 3: Factor analysis of Employee satisfaction

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.857	
Bartlett's Test of Sphericity	Approx. Chi-Square	950.630	
	Df	28	
	Sig.	.000	
a. Based on correlations			
Rotated Component Matrix			
	Factor 1	Factor 2	Loading
ES-1(Employee turnover has decreased for last five years)		.971	.971
ES-2(Organization encourages people to share knowledge and reward them for doing so)	.536		.536
ES-3(Employees are motivated through staff involvement program)	.748		.748
ES-4(Increase in employee knowledge sharing and participation in decision-making process)	.777		.777
ES-5(Increases employees' skill through training and development program)	.672		.672
ES-6(Knowledge workers are often rewarded by Monetary award/gift coupons/Holiday package/ increments)	.684		.684
ES-7(Employees are appointed to work/lead in cross-functional taskforces)	.708		.708
ES-8(Employees are promoted and recognized at company level)	.698		.698

Source: Field Survey, 2016

Effect of KM on Employee Satisfaction

From the analysis, it is found that the R^2 value is .315 which means that knowledge applying has explained 31.5% of the variation in the dependent variable. The adjusted R^2 value is .313 which means that the knowledge applying has contributed 31.3% of total value of knowledge applying in knowledge management on employee satisfaction. The remaining 68.7% is contributed by other factors which are not included in this study. While gathering the knowledge applying and obtaining, it is found that R^2 value is .348 which means that these two variables have explained 34.8% of the variation in the dependent variable. The adjust R^2 value is .345 which means that these variables

have contributed 34.5% of total value of knowledge management on employee satisfaction. The remaining 66.5% is contributed by other factors which is not included in this study. Again when knowledge applying and knowledge obtaining is gathered within the knowledge organizing, it is found that the R^2 value is .359 which means that jointly three variables have explained 35.9% of the variation in the dependent variable. The adjusted R^2 value is .354 which means that these variables have contributed 35.4% of total value of knowledge management on employee satisfaction. The remaining 64.6% is contributed by other factors which are not included in this study.

Table 4: Effect of KM on Employee Satisfaction

Model Summary						
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	
Knowledge Applying	.561 ^a	.315	.313		4.22438	
Knowledge Applying + Obtaining	.590 ^b	.348	.345		4.12488	
Knowledge Applying + Obtaining+ Organizing	.599 ^c	.359	.354		4.09558	
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
Knowledge Applying + Obtaining+ Organizing	Regression	3582.226	3	1194.075	71.187	.000 ^d
	Residual	6390.824	381	16.774		
	Total	9973.049	384			
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.491	1.277		7.433	.000
	Knowledge Applying total	.435	.096	.298	4.528	.000
	Knowledge Obtaining Total	.141	.053	.175	2.640	.009
	Knowledge Organizing total	.130	.051	.184	2.547	.011

a. Dependent Variable: Employee Satisfaction total

Source: Field Survey, 2016

The regression analysis on knowledge applying, knowledge obtaining and knowledge organizing of respondents were found significant at $p \leq 0.05$ (.000), at $F=1194.075$ to total value of attitude of respondents towards Knowledge Management on employee satisfaction. It was found out that all three variables were significant which have p -value ≤ 0.05 , namely knowledge applying, knowledge obtaining and

knowledge organizing of respondents. We may conclude by saying that all three variables have significant impact on employee satisfaction.

Correlation between variables: The following table shows Pearson Correlations between the study variables.

Table 4: Pearson's Correlations

	Knowledge Obtaining	Knowledge Organizing	Knowledge Applying
Employee Satisfaction	0.526 ^{**}	0.543 ^{**}	0.561 ^{**}

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2016

From the above table, it is noteworthy to mention that all the factors of knowledge management are positively correlated ($a > 0.01$) with employee satisfaction. There was significant relationship of knowledge obtaining, knowledge organizing & knowledge applying individually with employee satisfaction, and also with the total of these three variables, i.e., knowledge management total. Hence, all the null hypotheses were rejected, i.e., alternative hypotheses (H1, H2, H3) were accepted. The results state that there is positive relationship between knowledge management practices with employee satisfaction and their performance in the four different types of Nepalese banks.

DISCUSSION

This study attempted to examine the relationships between knowledge management dimensions (knowledge obtaining, knowledge

organizing and knowledge applying) and organizational performance measured through employee satisfaction. The findings show KM process has significant and positive relationship with employee satisfaction and their performance in banking and financial sector of Nepal.

Attempts have been made to establish the relationship between KM and firm's performance. Seleim and Khalil [35] investigated the relationship between knowledge management and organizational performance in the software firms of Egypt. This study showed that employee's performance was influenced by all dimensions of knowledge management. Boumarafi and Jabnoun [36] investigated the relationship between knowledge management and employee's performance in the United Arab Emirates in 89 business units comprising manufacturing, banking, investment, insurance and service sectors. The study revealed that

knowledge management was significantly correlated with employee satisfaction and organizational performance.

The effect of knowledge management elements on organizational performance was also investigated by Emadzade *et al* [37]. The study was conducted in Jordan and used 245 managers and owners from 86 small enterprises. The study found that knowledge acquiring, knowledge applying, knowledge protecting, and organizational structure had a positive relationship with organizational performance. However, knowledge conversion, technology and organizational culture, were found having no effect on the performance. Agbim *et al* [38] examined the effect of knowledge management capabilities on organizational performance among 328 employees in the service sector of Nigeria. They found that different knowledge management resources were significantly and positively related to employee performance.

Similarly Zaied *et al* [34] examined the role of knowledge management to enhance organizational performance in Egyptian financial organizations. The study showed significant positive relation between knowledge management elements and performance improvement measures. The study carried out by Rasula *et al* [33] conducted empirical research in Croatia and Slovenia to observe the impact of knowledge management on organizational performance and revealed that KM practices had a positive impact on employee's effectiveness.

The findings are also in line with the study of Vidovic [39] which examined the link between knowledge management and organizational performance, using the data from the research conducted in Croatia. The research confirmed that there is a link between knowledge management and performance. The results are also consistent with that of Liao and Wu [40] who conducted a study using a sample of Taiwanese knowledge-intensive firms engaged in manufacturing and financial services. Empirical evidence from the study also supports the perspective that Knowledge Management Strategies affect organizational performance. In contrary to this, Tanriverdi [41] found only a weak correlation between a firm's use of knowledge and its financial performance.

Furthermore, Zack, Singh and McKeen [42] investigated the organisational impact of KM in terms of performance. 12 KM practices were identified and explored in terms of their effect on organisational performance within the context of business organizations in Australia and North America. The study revealed that Knowledge Management practices were directly related to employee's performance which, in turn, was directly related to financial performance.

The study conducted by Chaudhary [43] on the practice of knowledge management strategy by banking industry of Nepal also views that those banking employees with knowledge management capability will also use resources more efficiently. Gholami *et al* [44] investigated the impact of knowledge management practices on the performance of 282 Small and Medium-sized Enterprises (SMEs) in Iran. The findings indicated that knowledge management practice directly influences the employee performance of SMEs. Similar finding was reported by Rasoulinezhad [45], who explored the positive relationship between knowledge management and organizational performance in 90 commercial banks of Iran.

CONCLUSION

In Nepalese context, knowledge management is still being considered as a new phenomenon. Unfortunately, the interpretation of this term is often confused with the introduction of information technology as a solution to capture and disseminate knowledge. This study provides empirical evidence of the relationship between KM and financial and market performance in Nepalese financial sector and helps organizations understand different dimensions of knowledge management. The current study provides valuable information to the planners, policy makers and practitioner of banking and financial sector for accelerating performance level by adopting knowledge management practices. It also provides evidence of the importance of effective knowledge management; hence, managers and practitioners should consider programs to accelerate the three components knowledge management practices, i.e., knowledge obtaining, knowledge organizing and knowledge applying since a firm that does it effectively would be more competitive and successful. In conclusion, this study shows that knowledge management as a practice and behavior could be the most influential strategy in banking and financial sector of Nepal in near future.

However, this study is a cross-sectional research study in which data were collected at a particular time-frame, so variables and analysis is restricted to that particular time. This study is only limited to financial sector of Nepal. Further studies may focus on other sectors, e.g. tourism, education, manufacturing and so on in different geographical, cultural and economic settings. Therefore, given the importance of knowledge-based societies, we expect that a stream of research will emerge which will provide further confirmation of the results obtained in this study and identify other antecedents and consequences of effective KM in every sector of Nepalese organizations. Finally, the relationship between degrees of KM implementation and corresponding increment in employee satisfaction and overall performance of an organization could be discovered by future researchers.

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