MEDIATING FACTORS OF KNOWLEDGE MANAGEMENT PRACTICES WITH RESPECT TO EMPLOYEE PERFORMANCE IN THE INDIAN IT SECTOR

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Abstract: **Knowledge management is an inseparable part of continuous performance improvement. Due to the changing business environment today, organizations are dealing with the challenges of global competitiveness. In the face of such challenges, KM suggests a great potential to the organizations to be as effective as possible. KM refers to the optimization of organizational knowledge to achieve high performance, increased value, competitive advantage and return on investment, through the utilization of several tools, processes, methods and techniques. The companies without KM systems would not have the ability to maintain a competitive advantage and will lose market share to the firms applying KM. Many IT organizations are facing knowledge based competition, therefore they have started to re-examine and rearrange their culture and business process, restructuring and reviewing their technological infrastructure to compete with the trend. The research is undergone by considering the selected IT companies at Chennai referring the Tamil Nadu state as the geographical area.**

Keywords: **Knowledge Management Practices, KM Success factors, Employee acceptance.**

1. INTRODUCTION

The growth of knowledge management practices in India has been limited mainly in the service industries like IT, Consultancy, and some of the electronics and communication industries where innovation and redesigning of business processes are frequently practiced to gain competitive advantage. Customer satisfaction, retaining crucial talents, developing new modes of services is some major reasons of launching knowledge management programme. Collecting, storing and sharing are some important steps of handling ideas whereas creating and innovating new ideas of doing business are crucial to meet complex challenges. The success of KM is also based on implicit culture of the organization, the philosophy and belief of trust, giving people the continuous learning opportunities. There has been a total transformation in the world industrial scenario in nearly last two decades. Some of these changes were evident through shortened product life cycle, higher rate of new product development, quality of employee, flexible manufacturing system, training of employees increasing role of information technology, redesigning of business process and work flows etc. One most important reason behind all these development was value addition to the product or services. Knowledge which is an intellectual capital is also assumed as value creator and knowledge management is seen as a competitive tool for value creation and addition. Knowledge is formalizing and also systematically organizing the experience and expertise that create new capabilities, enable superior performance, encourage innovation, and enhance customer value. The three fourth of world's corporate market value resides today in assets such as intellectual property, customer data, financial records, strategies and trade secrets. These assets are all knowledge based. The need and the positive application of knowledge management has spurred the development of software, systems and consulting services, knowledge data bases, knowledge exchange or centre of knowledidge kind of repositories which are being more and more common phenomenon in IT and other services. Thus there have been quite a few companies who have been placing emphasis on storage and retrieval in an information based organization where people can share, learn and create knowledge. However the human

aspect of knowledge management cannot be ignored and the dynamics between individual and organizational learning is an important consideration and an approach which links the individual and the organization with learning process, systems, and technology which will benefit both in a reciprocal partnership will be the right requirement. However except for such assortment of success stories supporting the macro level contention that KM initiatives are undertaken for the purpose of better organizational efficiency and effectiveness, there is very few investigation in the area of knowledge management and competitiveness. KM practices in IT organizations are the backbone for accessing corporate knowledge. The most important part for IT industries that the use of KM practices should be ROI driven. Under this scenario, it is of paramount significance to study the KM implementation, practices and acceptance of the employees of various IT industries in India. With the aforesaid scenario, the present research is conducted to study the KM practices in the IT industries in Indian context with reference to Tamil Nadu.

1.1 Scope of the Study:

The research has been concentrated on the knowledge management in the business world. But it needs a closer examination on the knowledge management in developing countries like India. Knowledge management is an inseparable part of continuous performance improvement. Due to the changing business environment today, organizations are dealing with the challenges of global competitiveness. In the face of such challenges, KM suggests a great potential to the organizations to be as effective as possible. KM refers to the optimization of organizational knowledge to achieve high performance, increased value, competitive advantage and return on investment, through the utilization of several tools, processes, methods and techniques. The companies without KM systems would not have the ability to maintain a competitive advantage and will lose market share to the firms applying KM. Many IT organizations are facing knowledge based competition, therefore they have started to re-examine and rearrange their culture and business process, restructuring and reviewing their technological infrastructure to compete with the trend. The research is undergone by considering the selected IT companies at Chennai referring the Tamil Nadu state as the geographical area.

1.2 Statement of the Problem:

At the present, many companies have to face high competition. Some struggle to implement corporate strategies to response to existing markets. To gain high benefit, these companies use knowledge management to compete with other companies. Knowledge management is very important for all kinds of business because it can help the companies improve their service, increase quality of product, reduce cost and faster response to their customers. However, the major challenge of managing knowledge in the companies is capturing and integrating knowledge to share among all organizational members. The successful company has to gain the ability to collect, store, and distribute specialized knowledge to create and sustain competitive advantage. The need to develop more efficient means has led to implementing information systems that are designed specifically to facilitate coding, combining, and applying of organizational knowledge. Knowledge management can play an important role to make companies compete productively. This paper has attempted to explain why knowledge management is essential for service companies especially IT services and show how the companies use knowledge management to gain competitive advantage. The main problems and barriers that IT companies might anticipate during the knowledge management implementation will be discussed.

1.3 Objectives of the Study:

- To study the Knowledge Management practices adopted in the IT industry.

- To analyse the perceptive aspects of the employees towards the Knowledge Management practices in the selected IT companies.

- To evaluate the challenges and opportunities towards Knowledge Management practices in the IT industry.

2. RESEARCH METHODOLOGY

A qualitative research study is undergone in the natural settings, by making sense of or interpreting phenomena in terms of the meanings people bring to them. This study is a descriptive study; researcher had planned for a systematic study of the situations, problems and phenomenon and attempted to find out the relationship between various aspects of the study. Descriptive study aims to describe the phenomena about the about the variables being studied. A Structured Questionnaire was used to conduct the study. The study is conducted in Tamil Nadu. The sample respondents are the employees of the IT companies in Chennai. The sample size is 500 and the respondents were chosen by judgmental sampling.

3.   DATA ANALYSIS

Structural equation modelling, or SEM, is a very general, chiefly linear, chiefly cross sectional statistical modelling technique. Factor analysis, path analysis and regression all represent special cases of SEM. SEM is a largely confirmatory, rather than exploratory, technique. That is, a researcher are more likely to use SEM to determine whether a certain model is valid rather than using SEM to find a suitable model--although SEM analyses often involve a certain exploratory element. By explicitly modelling measurement error, SEM users seek to derive unbiased estimates for the relations between latent constructs. To this end, SEM allows multiple measures to be associated with a single latent construct. A structural equation model implies a structure of the covariance matrix of the measures. Hence an alternative name for this field, "analysis of covariance structures. Once the model's parameters have been estimated, the resulting model-implied covariance matrix can then be compared to an empirical or data-based covariance matrix. If the two matrices are consistent with one another, then the structural equation model can be considered a plausible explanation for relations between the measures.Out of 35 variables in the dimensions taken for the study, the SEM analysis takes 17observed variables, 18 unobserved variables, 19 exogenous and 16 endogenous variables.
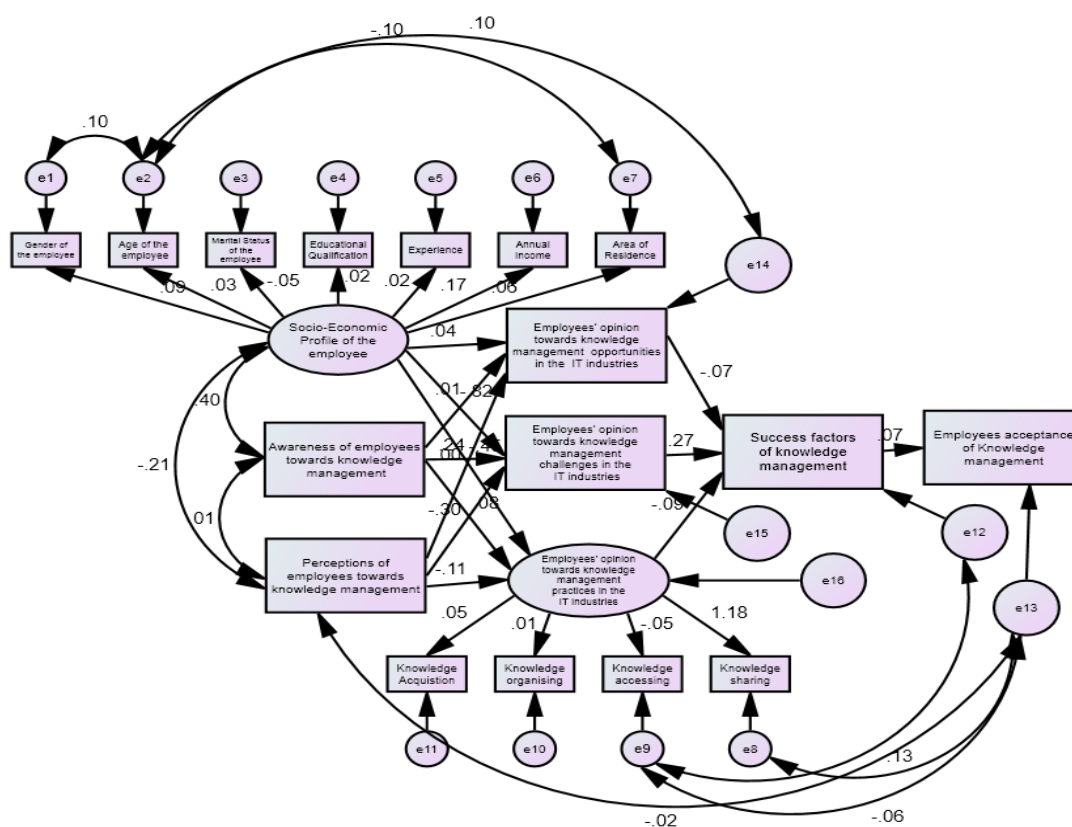

Fig 3.1: Standardized estimate for Structural Equation Model of the knowledge management in it industries with reference to Tamil Nadu

Table 3.1: Model Fit Summary for the knowledge management in it industries with reference to Tamil Nadu

Indices	Value	Suggested Value
Chi-square value	140.7	
P value	0.007	>0.05 (Hair et al., 1998)
CMIN/DF	1.379	< 5 (Marsh&Hocevar,1985)
GFI	0.968	>0.90 (Hu and Bentler, 1999)
AGFI	0.952	>0.90 (Hair et al. 2006)
CFI	0.902	>0.90 (Daire et al., 2008)
RMR	0.408	<0.08 (Hair et al., 1998)
RMSEA	0.028	<0.08 (Hair et al., 1998)

Source: Output generated from Amos 20

4. RESULTS

The analysis is done with seven variables as independent and Employees acceptance of Knowledge Management as the dependent variable. It is studied how and to what extent the independent variables make changes in the dependent variables. The proposed conceptual research model confirms that the major variables (Socio - demographic profile, Awareness of employees towards Knowledge Management, Perceptions of employees towards Knowledge Management, Employees' opinion towards knowledge management practices in the IT Industries, Employees' opinion towards knowledge management challenges in the IT Industries, Employees' opinion towards knowledge management opportunities in the IT Industries and Success factors of Knowledge Management) make effects on the Employees acceptance of Knowledge Management by using structural Equation Model and other SPSS tools. The role of the variables is at large extent so that the Employees acceptance of Knowledge Management depends on them. But, it is very important that no single variable influences Employees acceptance of Knowledge Management. When two or more variables combine together, then the Employees acceptance of Knowledge Management increases or decreases.

It is found that the calculated P value is 0.007 which is less than 0.05 which indicates the model is not fit. In the case of failure in P-Value, CMIN/DF value is 1.379 which is less than 5 which indicates the model is fit. Here GFI (Goodness of Fit Index) value and AGFI (Adjusted Goodness of Fit Index) value is greater than 0.9 which represent it is a good fit. The calculated CFI (Comparative Fit Index) value is 0.902 which means that it is a perfectly fit and also it is found that RMR (Root Mean Square Residuals) value is 0.408 and RMSEA (Root Mean Square Error of Approximation) value is 0.028 which is less than 0.10 which indicated it is perfectly fit. Therefore the conceptual model with the mediating factors of Knowledge Management practices and employee acceptance is found fit.

5. CONCLUSION

Knowledge Management practices in organizations are very important and beneficial to be implemented. It helps organizations in many ways such as information updating, innovations, creations and others. Therefore, by understanding the concepts and advantages could facilitate knowledge sharing and help managers, information and knowledge professionals to support knowledge management practices. It is observed that employees do participate in the successful knowledge management implementation. For reinforcing individual participation, organizations need to have commitment by aligning incentive programs with the performance goals and milestones. Furthermore, the success factor of Km implementation is most significant with the culture, structure and the on-going technological developments which have made possible the transference and storage of knowledge convincing.

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