

Effect of Knowledge Management on Employee Retention in IT industry: Regression Analysis

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Abstract: Knowledge management (KM) is a tool that includes humans, processes and technology for managing information and knowledge resources in an organization in order to keep in pace with the industrial advancements. Knowledge management plays a key role in helping employees in performing their day to day duties effectively. In addition to this it also has impact on certain long term associations of employees with their organization in terms of their survival and development there, which would have a major impact on Employee Retention in the organizations. Thus studying the effect of Knowledge management on retention of employees in organizations is very important in analyzing both the individual and organizational development, which would have significant impact on the better development of the society.

Keywords: Knowledge Management, Employee Retention, Industrial Advancements.

I. INTRODUCTION

The knowledge focused view puts great emphasis on human capital – the skills, knowledge, competences, attitudes and motivation of the people working for an organization, and the way that they use these skills for organizational benefits. It has been suggested that the management of knowledge is mostly about creating, providing, energizing and supporting suitable knowledge environments in an organization, to motivate and enable knowledgeable individuals for using and sharing their knowledge and creating new knowledge. This study is for examining how knowledge management can be used to promote employee retention. It has been known that KM can nurture job satisfaction and, in so doing, foster high organizational performance. A large number of studies have demonstrated that employee retention is mainly associated with the fact that whether an employee feels positively or negatively towards his/her job, which would influence other factors like employee motivation, organizational commitment and, ultimately, the quantity and quality of performance. This study would thus help in understanding the Knowledge retention, which refers to activities related to managing personnel turnover and the associated loss of expert knowledge – a key strategic resource. Invaluable knowledge can be lost when employees leave the organization for one reason or another. In addition to this, employees no longer remain in one organization for the majority of their working lives, and so organizational knowledge literally “walks out of the door” into that of competing organizations. Many organizations address these issues by investing heavily in information technology, but often without substantial success, as there is a lack of effectiveness in mapping knowledge management in the organization, which could be addressed by conducting this type of study where the effect of Knowledge management on Employee retention organizations is analyzed.

II. OBJECTIVE OF THE STUDY

1. To identify the significant variables of Knowledge Management that influence employee retention in IT industry.
2. To find the relation between Knowledge Management and Employee retention in IT industry.

III. LITERATURE REVIEW

The key variables of Knowledge Management have been identified as followed based on the literature survey done,

Organizational culture:

It encourages the creation, sharing and capture of knowledge and motivates employees to work efficiently. Furthermore, it affects the effectiveness of organisations and individual satisfaction (Morcillo et al., 2007)

Leadership:

Leadership enforces a knowledge-sharing culture in an organisation. It works towards people retention and builds their commitment to the organisation. It helps maintain a knowledge- processing environment and the codification of new knowledge in organisations (Martin and Marion, 2005).

Financial resources:

Financial resources are one of the key variables that support the infrastructure and manpower requirements for KM implementation. The main infrastructure for KM is technology, which requires huge funds. Along with technology, another important aspect of KM is the people. They require training and education, motivational aids, etc., and all of these require finances. An organisation requires the allocation of funds and other resources for KM implementation (Singh et al., 2003). These financial resources must be optimised to maximise the goals of KM.

Technological Infrastructure:

Technological infrastructure helps share information across boundaries of time and space if it is properly used. Technological infrastructure supports the creation, storage and diffusion of knowledge. It can enable the rapid search for, access to and retrieval of information and can support collaboration and communication between organisational members

Employee empowerment:

The empowerment of employees is providing power to the employees of an organisation for them to feel authority and responsibility for the completion of their jobs. It gives employees the freedom and independence to do their jobs in their own way. It depends upon factors like the structure, strategy, environment, technology and culture of organisations. Empowered employees take additional responsibilities and have a sense of ownership, which help in effective knowledge creation and sharing in an organisation (Chong and Choi, 2005).

Employee Training and Education:

Employee training and education is one of the main KM variables because it reduces the effect of knowledge erosion. It increases employees' knowledge and skill base and allows them to perform new tasks or old ones better (Wong, 2005). The various methods of training can be formal and informal on-the-job, as well as off-the-job, training. Employee training and education help meet the challenges of rapid technological advancement and make it possible to capture, store and disseminate knowledge more easily in an organisation (Plessis, 2007).

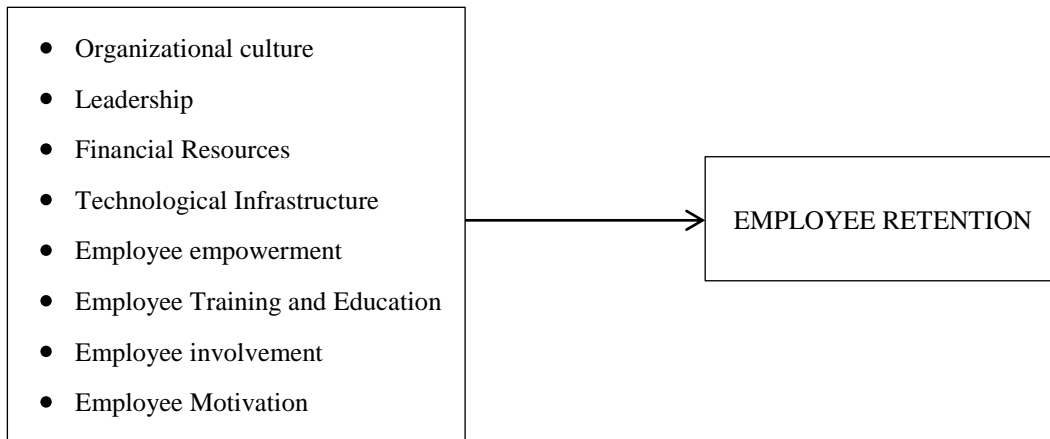
Continuous Learning:

Continuous learning is essential for the growth of individuals, as well as for organisations. The organisation learns from its successes and mistakes. Individuals are encouraged to ask questions, challenge and learn (Skyrme and Amidon, 1997). Groups learn from other groups. Knowledge and learning have a positive relation. Learning is a contextual phenomenon and its performance is directly related to the effectiveness of KM (Sheehan, 2004). Organisations will need to devise new strategies if organisational knowledge is not gained from learning.

Employee motivation:

Motivation can be provided by various reward and recognition programmes. Employees devote more time to their jobs when they are motivated. It is the primary duty of the top management to create a culture which motivates employees to excel in the organisation. Incentive systems (financial, semifinancial and nonfinancial) have to be installed to reward employees for their KM initiatives (Manolopoulos, 2008). Financial rewards are more effective as they are more visible, but the role of nonfinancial and recognition systems cannot be neglected in motivating employees. Furthermore, motivation is influenced by the need of employees for knowledge sharing behaviour (Yu and Liu, 2008).

V. FRAME WORK



V. RESEARCH METHODOLOGY

The study done is descriptive type of research. In order to conduct this study, convenient sampling method has been chosen and 100 samples have been studied. Percentage analysis method is used to represent raw stream data as percentage (a part in 100%) for better understanding of collected data and regression is used to identify the nature of relationship between a dependent and an independent variable, which are Employee retention and Knowledge management variables in this study respectively

VI. DATA ANALYSIS AND INTERPRETATION

Table No: 1- Organizational Culture

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	1	1
2	Disagree	3	3
3	Neither agree nor disagree	23	23
4	Agree	57	57
5	Strongly agree	16	16
	Total	100	100

Figure No: 1 - Organizational Culture

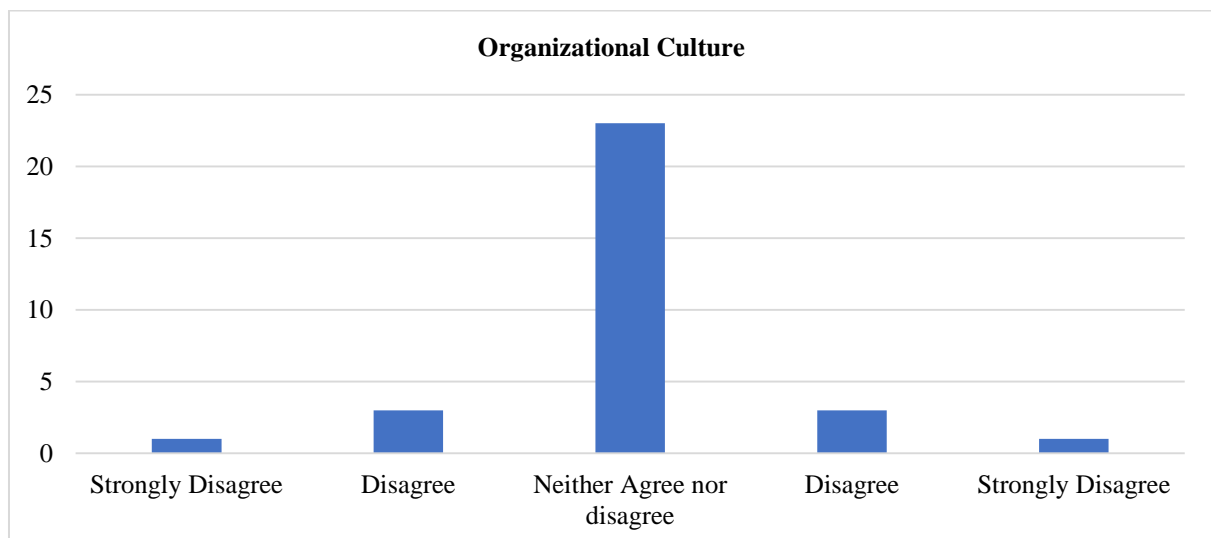
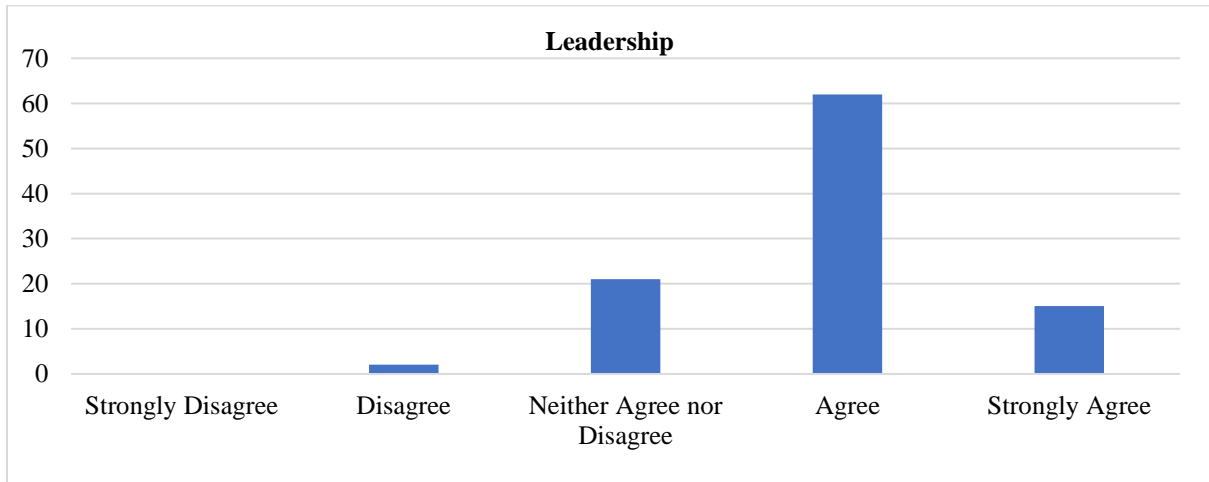


Table No: 2 – Leadership

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	0	0
2	Disagree	2	2
3	Neither agree nor disagree	21	21
4	Agree	62	62
5	Strongly agree	15	15
	Total	100	100

Figure No: 2 – Leadership**Table No: 3 – Financial Resources**

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	1	1
2	Disagree	5	5
3	Neither agree nor disagree	22	22
4	Agree	62	62
5	Strongly agree	10	10
	Total	100	100

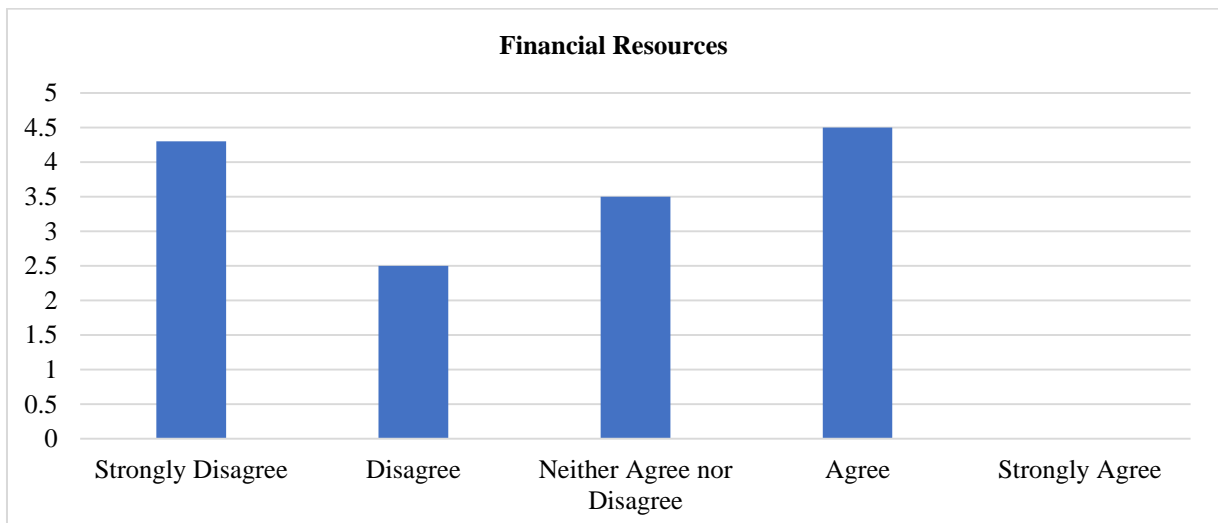
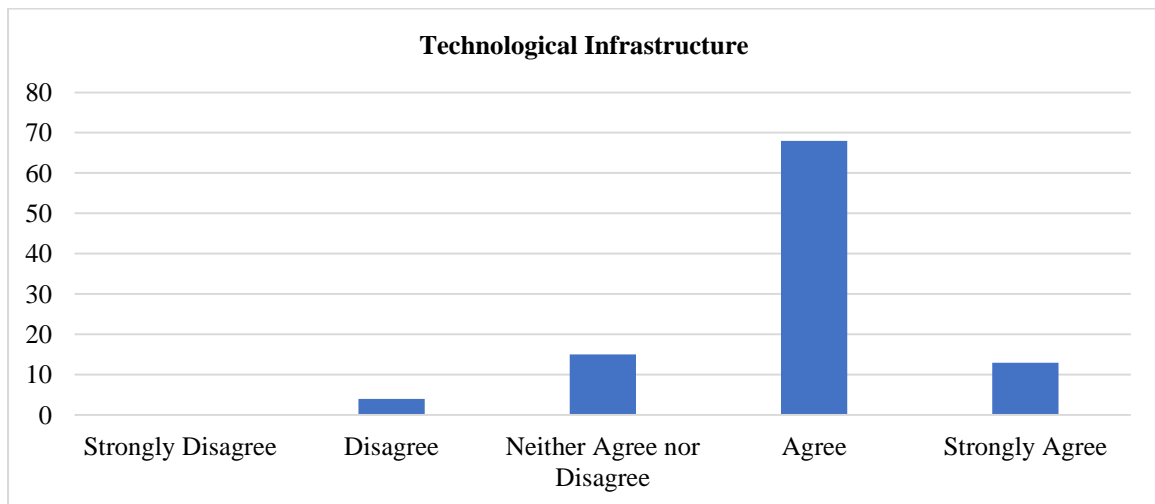
Figure No: 3 – Financial Resources

Table No: 4 - Technological Infrastructure

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	0	0
2	Disagree	4	4
3	Neither agree nor disagree	15	15
4	Agree	68	68
5	Strongly agree	13	13
	Total	100	100

Figure No: 4 – Technological Infrastructure**Table No: 5 - Employee Empowerment**

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	0	0
2	Disagree	3	3
3	Neither agree nor disagree	20	20
4	Agree	64	64
5	Strongly agree	13	13
	Total	100	100

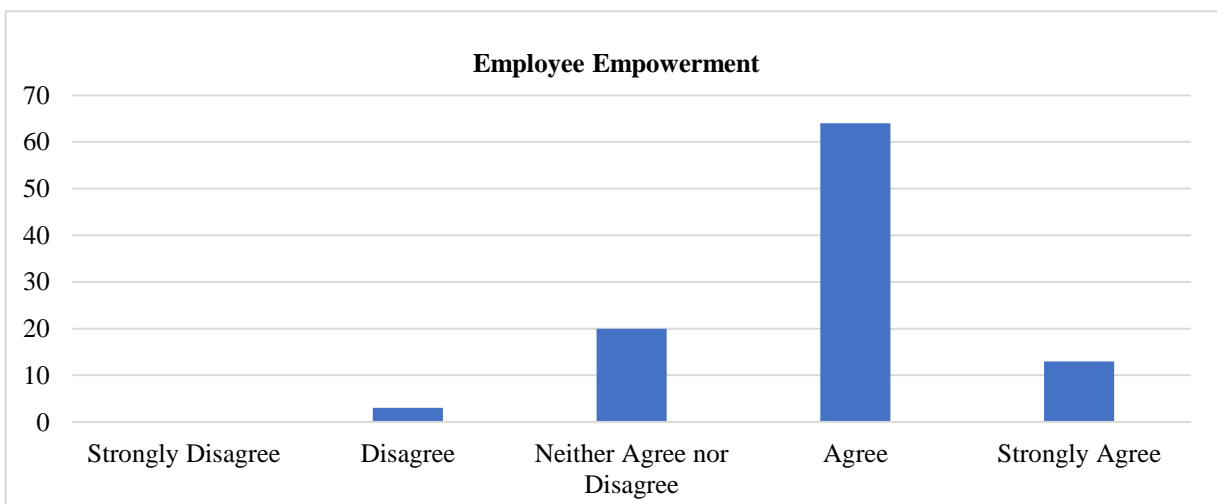
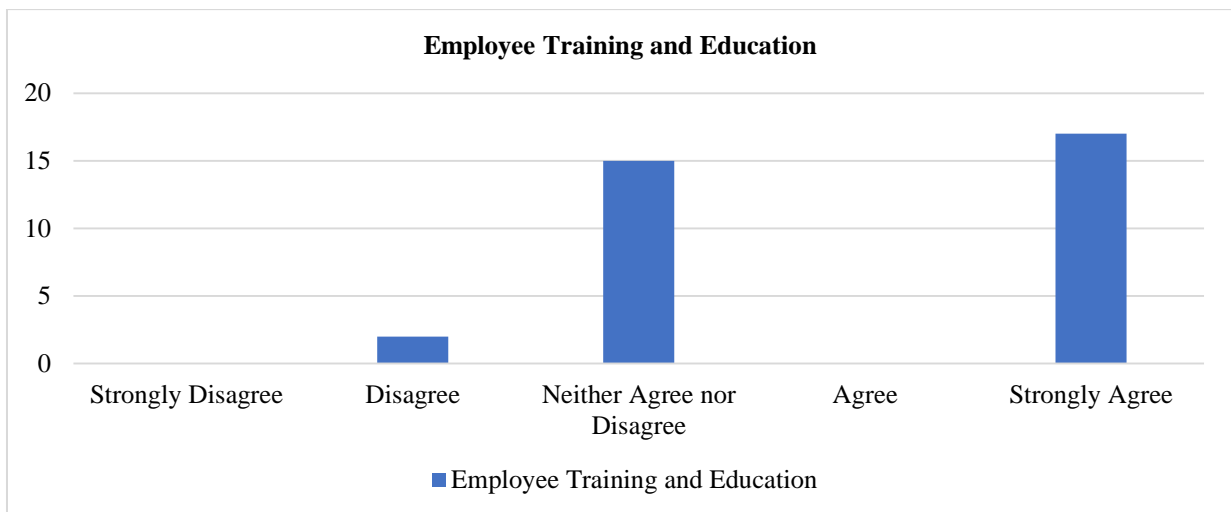
Figure No: 5 – Employee Empowerment

Table No: 6 – Employee Training and Education

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	0	0
2	Disagree	2	2
3	Neither agree nor disagree	15	15
4	Agree	0	66
5	Strongly agree	17	17
	Total	100	100

Figure No: 6 – Employee Training and Education**Table No: 7 – Continuous Learning**

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	0	0
2	Disagree	1	1
3	Neither agree nor disagree	16	16
4	Agree	67	67
5	Strongly agree	16	16
	Total	100	100

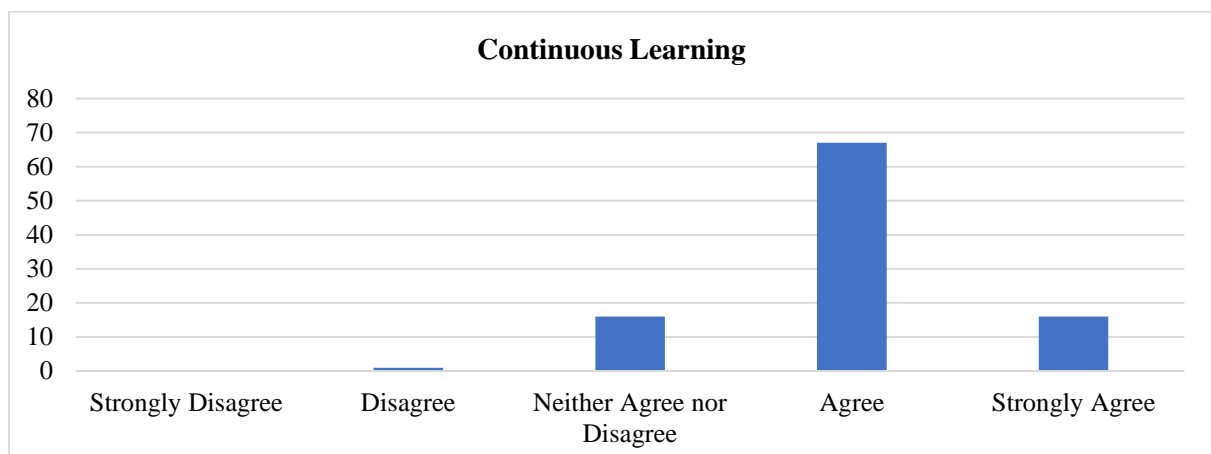
Figure No: 7 – Continuous Learning

Table No: 8 – Employee Motivation

S.NO	FACTORS	NO OF RESPONDENTS	PERCENTAGE
1	Strongly Disagree	0	0
2	Disagree	4	4
3	Neither agree nor disagree	16	16
4	Agree	62	62
5	Strongly agree	18	18
	Total	100	100

Figure No: 8 – Employee Motivation

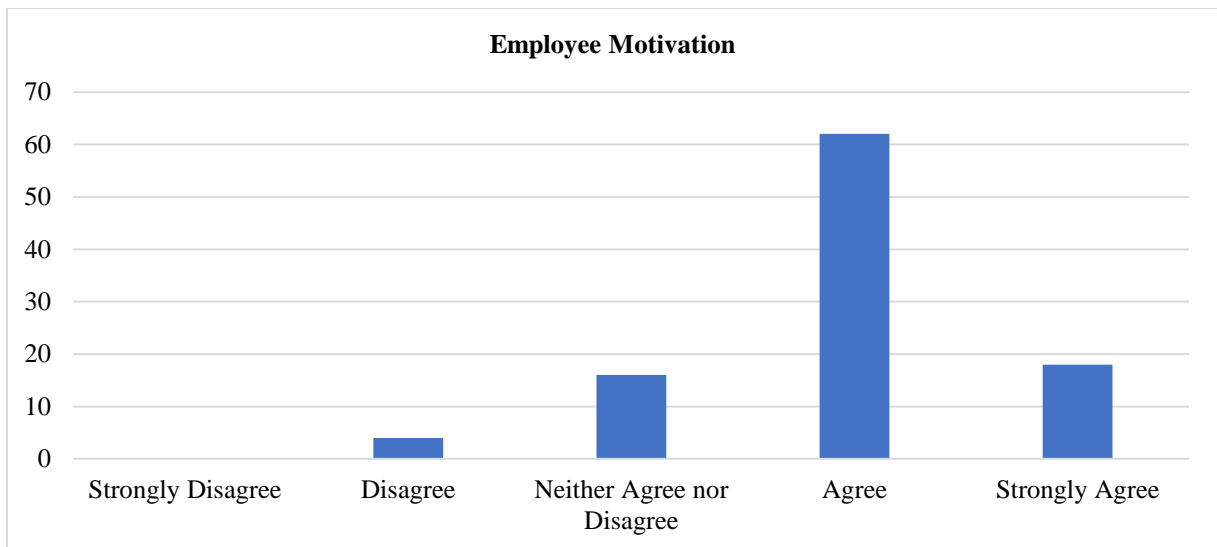


Figure No: 9 – Regression analysis between Knowledge Management and Employee Retaining Ability of IT companies



VII. FINDINGS

1. Majority of the IT employees agree that Organizational culture plays an important role in Employee retention.
2. Majority of the IT employees agree that Leadership plays an important role in retaining employees.
3. Majority of the IT employees agree that financial resources allocated for Knowledge management plays an important role in retaining employees.
4. Majority of the IT employees agree that Technological infrastructure plays an important role in retaining employees.
5. Majority of the IT employees agree that Employee empowerment plays an important role in retaining employees.
6. Majority of the IT employees strongly agree that Employee Training and Education plays an important role in retaining employees.
7. Majority of the IT employees agree that Continuous learning plays an important role in retaining employees.
8. Majority of the IT employees agree that Employee Motivation plays an important role in retaining employees
9. The regression analysis shows that, there is a positive correlation between Employee retaining ability and Knowledge Management in IT industry. The equation fitting the above data is $Y=2.41+0.39*X$, where Y represents the Employee Retaining ability and X represents Knowledge management in the IT industry.

VIII. SUGGESTIONS

From the study conducted, there are few suggestions that are listed as followed,

- Technological infrastructure is said to be the crucial factor in Knowledge Management for employee retention. So companies should have a team of volunteers and Quality Assurance panel to ensure that the existing technology adapted meets the needs of evolving organization.
- Knowledge creation and Innovation are also said to have an impact over employee retention and so the investment on Research and development also becomes crucial for Organizational development.
- As Knowledge Resources and Knowledge benchmarking is very crucial, it's important to ensure that there is continuous improvement achieved in this case.
- Employee empowerment and Employee motivation are also crucial factors of Knowledge Management, which ensures that the organizational plans have desired results.
- Organizations should understand the need of changes in Performance Management system, as the evolution occurs in the industry.
- Organizational structure and Organizational culture should ensure that it's always subjected to changes as the industrial advancements occur.

IX. CONCLUSION

The study undertaken shows the individual relation between variables of Knowledge management and Employee retention in IT industry. It also shows the positive correlation between Knowledge Management and Employee Retention in the industry. The equation fitting the data has also been found which would be useful to forecast and plan for Knowledge Management implementations in IT industry,

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