Javed Habib-ur-Rehman**\***
Iftikhar Hussain**\*\***

# An Empirical Investigation of Impact of Knowledge Management Processes on Banks Performance in Pakistan

## ABSTRACT

*The development of knowledge management as an applied enterprise discipline is associated with the rising comprehension of that knowledge which is an important asset for organizations to hold feasible competitive advantages. Knowledge management meets the necessities of problem solving; new idea generation and productivity development activities which improves the firm's performance. Researchers explored the relationship between knowledge management processes and banks performance. Some previous studies have also investigated this phenomenon. However, literature lacks empirical studies. To fill this gap, this study emphasizes on conducting an integrative empirical research and find relationships between knowledge management processes and performance. The researcher has used questionnaire as a tool to collect the data from 304 individuals of banking sector of Azad Kashmir using simple random technique. Moreover, to investigate the collected data, descriptive statistics using SPSS 20 has been applied and tested via correlation, multiple regression and AOVA tests. The results confirm that knowledge management processes have a positive impact on organization performance. The research found that knowledge management processes significantly influenced performance of the banks. This research might be utilized as a stepping stone for more empirical research on knowledge management and knowledge management approaches.*

*Keywords:* *Knowledge, KM, Knowledge Management System, Performance, Banks*

\*   PhD Scholar, Department of Business Administration, University of AJ&K Muzaffarabad, Pakistan
\*\*  Associate Professor and Associate Dean, Department of Administrative Sciences, University of Kotli AJ&K, Pakistan

**Introduction**

**Introduction and Theoretical Background**

Knowledge management (KM) is considered as the most essential part of financial institutions and accompaniment to the institute's corporate activities. The economies are becoming the most knowledge based gradually (Gerritsen et al., 2019; Link & Sarala, 2019). Knowledge is playing a significant role for firm success amongst the other resources like materials, capital and assets (H. Inkinen, 2016; Mizintseva & Gerbina, 2018). Majority of companies claim to have huge savings from the implementation of KM practices in their organizations (Inkinen et al., 2015; Omotayo, 2015). The successful knowledge creation, capturing and sharing organizations can improve the process of firms learning to enhance the performance and generate more opportunities to achieve competitive benefits for the firms (Jain & Moreno, 2015; Ritala et al., 2015). The organizations should implement KM techniques to sustain their capability against other enterprises. The organizational knowledge process relies on the capability of the firm to gather and usage of knowledge, skills and manners which have the prospective to improve learning of its participants and enhance the imminent performance of the organizations (Ogiela, 2015).

Today organizations are becoming progressively conscious of the necessity for innovative methods to responding more efficiently and effectively to customers' demands and variations in the market place. KM is vital to this and is gradually familiar as an essential part of an organization's strategy to enhance organization's performance. KM is progressing into a deliberately vital part for most organizations. Mostly, KM can be observed as the procedure by which organizations influence and abstract value from their intellectual or knowledge assets.

This research was attempted after realizing that the effect of the quick changing information and knowledge environment of the 21st century makes it sensible and fundamental for an organization, for example, a bank to decide and characterize what organizes its knowledge resources. This is on account of thinking about them empowers their viable utilize, particularly if they are planned in a way that is significant to the clients (Li et al., 2012). Sharma and Naguib Chowdhury (2007) stated that the essential idea for organizations is to identify their valued knowledge resources and avoid situating themselves anywhere. They are unsuccessful to figure out what information knowledge they want, or how to achieve it in the perspective of application.

The research examines the degree to which KM can impact high performance in banking sector of Pakistan. Our point is to explore the present circumstance, as well as to endeavor to find methods for development for the future and offer solid recommendations. Researchers regularly indicate this

positive impact of knowledge management on organization's performance. However, very rare research is empirically proving the current relationship.

The purpose of this research study is to develop a different KM model and to describe and investigate the hypothesis about impact of KM processes on banks' performance. The model was empirically tested via a multiple regression on a sample of 304 employees of the Pakistani bank in AJK. The following research objectives have guided this study:

i. Exploring the impact of creating knowledge on banks performance in Azad Kashmir.

ii. Exploring the impact of capturing knowledge on banks performance in Azad Kashmir.

iii. Exploring the impact of organizing knowledge on banks performance in Azad Kashmir.

iv. Exploring the impact of storing knowledge on banks performance in Azad Kashmir.

v. Exploring the impact of sharing knowledge on banks performance in Azad Kashmir.

vi. Exploring the impact of applying knowledge on banks performance in Azad Kashmir.

## Literature Review

### Knowledge Management

The concept of KM was given appropriate consideration in 1990. According to Wiig (1993) "KM foundations: Thinking about Thinking – how people and organizations create, represent and use knowledge". Everywhere throughout the world organizations/firms are in the period of fundamental and revolution change from conventional techniques to advanced strategies to manage environment. KM is reflected as discipline that back up organizations to effectively achieve this task (Jennex et al., 2012). KM offers the maintained upper hand via better procedures, technological advances, cooperative structure, sharing knowledge approach, share culture, low imperviousness to change environment, critical thinking instruments, protection frameworks and cultivate development propensities which encourages the organizations to stay focused ever locally and also in globally (Tamer Cavusgil et al., 2003; Zaied, 2012).

According to Ainissyifa (2012), KM is a procedure in which the organization conveys qualities and intellectual resources and knowledge base resource. (Syam et al., 2007) clarified that KM is the procedure through which firm create value from its intellectual assets and based on knowledge resources. Regularly, creating value from such resources includes sharing

them amongst the employees, divisions and even with different organizations with strength to develop best practices.

### Knowledge Management Processes

In the literature, KM processes are declared as the KM practices. KM practices are well-defined here as visible organizational actions that are interrelated to KM. It is an organized set of numerous corporate processes established in an enterprise to create, transfer, apply and store the knowledge. In KM processes the primary phase is creating, capturing, organizing, storing, sharing and applying knowledge (Al Ahbabi et al., 2019; Fong & Choi, 2009b).

### *Creating Knowledge*

The subject of knowledge creation as well as acquisition indicates the ways which concentrate on the development of new knowledge. This new knowledge can be produced inside or gained from outside the enterprise. Because of their characteristic confinements, firms are especially compelled to utilize outer sources of creating knowledge (Egbu et al., 2005; Tribe, 2018).

### *Capturing Knowledge*

The capacity to survive and boom depends, to some degree, on a firms' capacity to keep up and recollect new and old knowledge face of instability, complexity and quick change (Chhabra & Iyengar, 2019). Easterby-Smith and Lyles (2011) empirically settled the presence of a positive correlation stuck between acquisition of knowledge and firm performance. Whereas capturing knowledge is ability of organization to ensuring that information and knowledge presented in the organization for future references are stored in either manuals or databases. According to Obeidat et al. (2015) "one opportunity of managing knowledge is through the capture of tacit knowledge for use by an organizational practice".

### *Organizing Knowledge*

Knowledge is developed and organized in organizations. It is done by sifting to recognize and cross list the valuable measurements of knowledge for various products/goods and services. The knowledge is put in setting with the goal that it is important and can be reviewed and retained current and applicable. The findings of numerous empirical studies that numerous organizations can create knowledge however fail to appropriately organize that knowledge (Khalid et al., 2015; Stein & Zwass, 1995). They additionally characterize organizing knowledge are the mean by which information from experience and incidents impact on current organization activities (Behrens et al., 2012).

### *Storing Knowledge*

Tan et al. (1998) indicated that there should be a proper way to store organizational knowledge. It contains Knowledge in different structures like written documentation, classified human knowledge stored in an expert system, organized data stored in databases, organizational processes and procedures are documented and tacit knowledge attained by peoples or groups. Whereas

explicit knowledge must also be properly store and it exist such as unstructured reports as memos, meeting minutes and notes (Schwartz, 1998).

### Sharing Knowledge
Knowledge sharing occurs when representatives are anticipated in sharing their both tacit and explicit knowledge, which can expand competitive benefit of an organization (Wu & Wang, 2012). "Knowledge sharing is an activity through which knowledge (information, skills, or expertise) is exchanged among people, friends, families, communities or organizations" (Serban, 2002; WILLIAMS & BUKOWITZ, 1999). Gurteen (1999) explained that Sharing knowledge is not simply sharing information. The aim for sharing knowledge helps the whole organization to attain its business objectives.

### Applying Knowledge
Applying knowledge is another circumstance where clients can acquire and create new knowledge. Knowledge acquiring procedure, there must be investigation and critical assessment to create new models, knowledge and information for future utilize. Khalid et al. (2015) acknowledged that knowledge application can be dignified by a procedure comprising several actions depending on the people or organization. According to Nonaka and Takeuchi (1995) "the process of applying knowledge happens when new knowledge is acquired and put to use".

## KM and Organizational Performance
An important advantage of presenting KM processes in organizations is its positive effect on organizational performance. The study conducted by (Kiessling et al., 2009) recommends that KM emphatically influences organizational output of organization development, product as well as employee improvement.

(Zhang et al., 2012) focused a research with respect to knowledge sharing, development and firm performance. The study showed that the relationships between sharing knowledge and financial and operational performance were statistically significant. They also recommended that these relationships may have the capacity to manage the leadership of organization to accomplish higher organization's performance by sharing of knowledge and revolution practices. For the area of strategic management, creating the connection amongst knowledge and performance should be one the most vital commitments of the knowledge based view. However, this is definitely the field where existing study leaves the most preferred (Eisenhardt et al., 2002). Many researchers either don't address performance at all or basically express that specific KM activities, (for example, creation and acquisition knowledge) will enhance firm performance and help to improve the firm competitive advantage.

Gold et al. (2001b) dignified the correlation between top administration's impression on KM and performance in their organizations. They found that top officials' view of their company's KM capacities related decidedly to their impression of their organization's capacity to recognize new business

prospects, facilitate improvement efforts crosswise over organizational units, promote new advancements quickly, react rapidly to change, increment productivity, and different elements of organizational performance. (Tippins & Sohi, 2003) gathered information on respondents' view of performance factors, for example, firm benefit, *return on investment*, client retaining, and sales growth with respect to competitors. They studied that KM in downstream relationships had a positive relationship with performance.

According to (Jennex, 2007)) KM the act of specifically applying knowledge from past encounters of decision making to present and future decision-making exercises for motivation behind enhancing the firm's effectiveness. (Danish et al., 2014) clarify that present financial crisis of Pakistan require that organization esteem its resources /assets at exactly that point organizations accomplish an edge and can develop. What's more, among every other division, the prime division is economic division where administration of knowledge is as essential as blood for life. That's the reason emphasis of this study is around banking sector of Pakistan. Based upon literature review, following research model was proposed for this study.
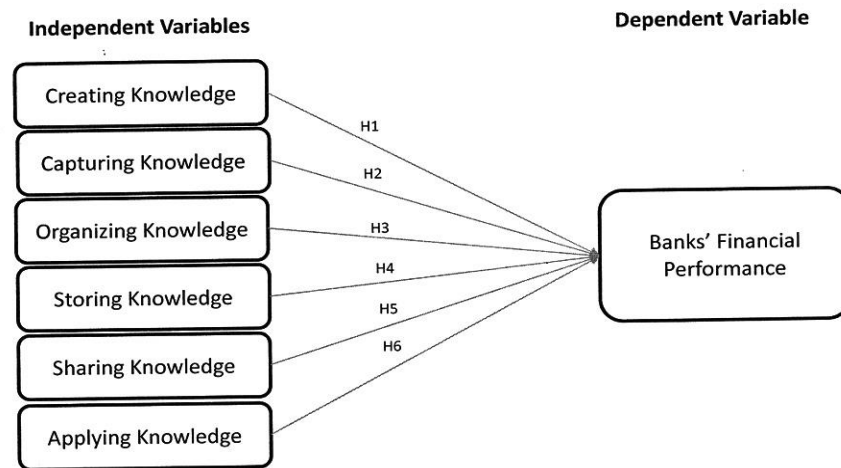


**Figure 1: Conceptual Framework of the Study**

## Research Methodology

### Questionnaire Survey

A questionnaire review had been conducted to capture the activities for KM and its effect on the performance of banking sector of AJK. The questionnaire pursues the significance of KM processes for effective implementation and

utilization of KMS, and explores which activities and techniques are presently utilized in financial institution/banks to manage their knowledge.

The core objective of this research was to study KM and its impact on banking performance. The study examined how the KM processes: creating, capturing, organizing, storing, sharing and applying knowledge impact on banks performance. Financial performance i,e return on assets (ROA),value added per employee market share, sales growth and  productivity.

The questionnaire was adopted from (Fong & Choi, 2009a),  (Gold et al., 2001a) and (Liao & Wu, 2010) with little modifications. The questionnaire has three parts, the first part contains demographics information; second part contains items related to independent variable i.e. KM processes. The last part contains items related to dependent variable bank's performance. The participants were asked to rate their opinion towards the KM processes and bank's performance on a five-point Likert-type scale with anchors from "5-strongly agree" to "1- strongly disagree".

**Measures**

The measures and constructs of the different variables investigated in this research are as under:

Table 3.1
Constructs of Knowledge Processes

| Creating Knowledge | i. | In My bank mechanisms for acquiring and creating knowledge from diverse sources like customers, employees, suppliers, competitors and business partners. |
| --- | --- | --- |
| | ii. | My bank inspires and has mechanism for the sharing of knowledge and ideas among groups and individuals. |
| | iii. | Our bank encourage workers for innovative knowledge and ideas through rewards. |
| | iv. | Our bank has procedures to create further knowledge from prevailing knowledge and utilize best practices and lessons learnt from existing projects to develop succeeding projects. |
| | v. | Our bank always provides the necessary sources for me to create the knowledge I need to fulfill my job responsibilities. |

| Capturing Knowledge | i. | My bank considers ideas shared by employees and stores these ideas for future use. |
| | ii. | Our bank has mechanism available to capture and disseminate knowledge from customers, employees, suppliers, competitors and business partners to the bank. |
| | iii. | Our bank has mechanism for transforming knowledge into action-plans and the formulation of innovative services and products. |
| | iv. | Our bank has strategies available to permit workers to share new knowledge and ideas without any hesitation and fear. Such ideas are shared and presented to rest of the staff. |
| Organizing Knowledge | i. | Our bank has strategy to evaluate knowledge on consistent basis. Employees are especially directed to maintain new and current knowledge. |
| | ii. | Our bank has processes for clarifying, cross-listing and assimilating various types and sources of knowledge. |
| | iii. | Our bank provides response to staff about knowledge and ideas shared by them. |
| | iv. | Our bank has methods to apply-knowledge gained from practices and compares bases of knowledge to challenges and problems. |
| Storing Knowledge | i. | Our bank utilizes repositories, databases and IT tools and techniques for to storing knowledge and frequently sharing it to employees. |
| | ii. | Our bank utilizes many written instruments like manuals and newsletters for storing knowledge captured through employees. |
| | iii. | Our bank has various magazines and periodicals for demonstrating the new knowledge captured from employees. |
| | iv. | Our bank has procedures for patenting and getting copyright to new- knowledge. |

| Sharing Knowledge | i. | My bank share knowledge on the regular basis with employees. |
| | ii. | My bank share knowledge on the regular basis with other overseas offices. |
| | iii. | My bank share knowledge on the consistent basis to headquarter of our bank |
| | iv. | My bank share knowledge on consistent basis with organization which is (partly) funding our office. |
| | v. | My bank share knowledge on regular basis with other organizations related to our business. |
| Applying Knowledge | i. | My bank has various procedures for employee to enhance their knowledge and use it to solve problem and avail opportunities. |
| | ii. | Our bank has mechanism for protecting-knowledge from unsuitable or unlawful usage in and out of the bank. |
| | iii. | Our bank practices knowledge to important viable requirements and rapidly connects bases of knowledge in resolving problems. |
| | iv. | Our bank has means to examine and critically assess knowledge to create new knowledge and patterns for upcoming usage. |

## Data Analysis and Hypothesis Testing

The total numbers of questionnaires received were 324 out of 500, 304 were complete and twenty were found incomplete. After the entering the data, reliability and validity tests were performed to test the Cronbach's alpha for reliability. The outcomes ranged between 0.732 and 0.867 for all constructs. The outcomes demonstrate that there is an inner consistency among the items used in study.

Table 1
Reliability Analysis

| Measures | No. of Items | Alpha- Values |
|---|---|---|
| Creating knowledge | 5 | 0.822 |
| Capturing knowledge | 4 | 0.765 |
| Organizing knowledge | 4 | 0.787 |
| Storing knowledge | 4 | 0.789 |
| Sharing knowledge | 5 | 0.756 |
| Applying knowledge | 4 | 0.732 |
| Financial Performance | 2 | 0.867 |

**Demographic Data**

The demographic sample included gender, age and education level the respondents. The demographics are given below.

Table 2
Demographic Characteristics of the Sample

| Characteristics | Frequency | Percentage |
|---|---|---|
| Gender | | |
| Male | 221 | 73 |
| Female | 83 | 27 |
| Age | | |
| 20-30 | 154 | |
| 31-40 | 109 | |
| 41-50 | 29 | 9.5 |
| 51-60 | 12 | 3.9 |
| Education | | |
| Undergraduate | 02 | |
| BA/BSc or equivalent | 17 | 7.8 |
| Masters | 232 | 47.8 |
| Above Masters | 53 | 2.2 |
| Total | 304 | 100 |

**Correlation Analysis**

The correlation design was acceptable because it indicated the relationship between the six independent variables of KM and a dependent variable banks performance (Punch & Oancea, 2014). The correlation coefficient communicates the quality of their relationship. It doesn't express circumstances and end results yet just whether the variables fluctuate together (Christensen et al., 1996). Pearson's association coefficients (r) can take respect from –1 to +1. It shows up if there is a +ve or a -ve correlation (Rudnick, 1996). (Somekh & Lewin, 2005) indicated that in the event the value of r is under 0.33 it is supposed to be a weak relationship; if the value of r is some place around 0.34 and 0.66 it shows a moderate correlation; and if the value of r is between 0.67 and 0.99 it determines a strong relationship. In table 4.11 estimation of Pearson's correlation changes from medium to high yet it is in the satisfactory range. The correlations among the studied variables are showed in table below.

|  |  | CRK | CAPK | ORGK | STRK | APK | SHRK | FPER |
|---|---|---|---|---|---|---|---|---|
| CRK | Pearson Correlation | 1 | | | | | | |
| | Sig. (2-tailed) | | | | | | | |
| | N | 304 | | | | | | |
| CAPK | Pearson Correlation | .643** | 1 | | | | | |
| | Sig. (2-tailed) | .000 | | | | | | |
| | N | 304 | 304 | | | | | |
| ORGK | Pearson Correlation | .522** | .477** | 1 | | | | |
| | Sig. (2-tailed) | .000 | .000 | | | | | |
| | N | 304 | 304 | 304 | | | | |
| STRK | Pearson Correlation | .590** | .606** | .394** | 1 | | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | | | |
| | N | 304 | 304 | 304 | 304 | | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | | |
| | N | 304 | 304 | 304 | 304 | | | |
| APK | Pearson Correlation | .623** | .601** | .512** | .584** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | | |
| | N | 304 | 304 | 304 | 304 | 304 | | |
| SHRK | Pearson Correlation | .560** | .571** | .470** | .540** | .571** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | | |
| | N | 304 | 304 | 304 | 304 | 304 | 304 | |
| FPER | Pearson Correlation | .638** | .531** | .438** | .539** | .558** | .547** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 | |
| | N | 304 | 304 | 304 | 304 | 304 | 304 | 304 |

## Hypothesis and Correlation Discussions

$H_1$   In the table 4.11, the r value between CRK and FPER (.638) indicate a mid-range correlation between the variables. It means CRK and FPER are positively and significantly correlated at .01 level of significance.

$H_2$   In the table 4.1, the r value between CAPK and FPER (.531) specify a moderate correlation between the variables. It means CAPK and FPER are positively and significantly correlated at .01 level of significance.

$H_3$   In the table 4.11, the r value between ORGK and FPER (.438) indicate a mid-range correlation between the variables. It means ORGK and FPER are positively and significantly correlated at .01 level of significance.

H$_4$   In the table 4.1, the r value between STRK and FPER (.539) specify a mid-range correlation between the variables. It means STRK and FPER are positively and significantly correlated at .01 level of significance.

H$_5$   In the table 4.11, the r value between SHRK and FPER (.547) specify a moderate correlation between the variables. It means SHRK and FPER are positively and significantly correlated at .01 level of significance.

H$_6$   In the table 4.11, the r value between APK and FPER (.558) indicate a mid-range correlation between the variables. It means APK and FPER are positively and significantly correlated at .01 level of significance.

## Regression Analysis

Regression analysis is apparently the most generally utilized statistical instrument (Ryan & Hughes, 1997). Regression is a technique/strategy used to anticipate the estimation of a dependent variable utilizing at least one independent variable. Simple and multiple regressions are the types of regression analysis. "Simple regression involves two variables, the dependent variable and one independent variable. Multiple regressions involve multiple variables, one dependent variable and multiple independent variables" (Draper & Smith, 1966). The goal of a regression analysis is to forecast a single dependent variable from the KM of at least one independent variable (Ryan & Hughes, 1997). In this research study multiple regression analysis was utilized to anticipate the most vital indicators on the success map and along these lines decide the basic components that these indicators are affected by. It was critical in figuring out if the success map laid out by the knowledge scorecard extend truly was containing the proper indicators.

Multiple regressions R between KM processes and banks financial performance is .701 which shows a strong positive relationship between KM processes and banks performance (Lewin et al., 2008). The value of $R^2$ is .492 that shows that KM processes can account for 49.2 % of the variation in banks performance.

Table 3
Regression Analysis

| **Model Summary** | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .701[a] | .492 | .480 | .51171 |
| a. Predictors: (Constant), KM processes | | | | |

## ANOVA

The analysis of variance (ANOVA) test is rummage-sale for analyzing whether the research model is suitable for prediction. According to Field and Miles (2009) ANOVA-ratio is the degree of how much a model has enhanced the estimation of the result compared to the level of incorrectness of the model. The table 4 shows F ratio is 74.994 that is positive significant at p<.001. The result shows that the level of significance value is .000 that is less than the value .001. Therefore, the model is acceptable for implement in banking sector.

ANOVA[a]

| | Model | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 74.994 | 7 | 10.713 | 40.915 | .000[b] |
| | Residual | 77.506 | 296 | .262 | | |
| | Total | 152.500 | 303 | | | |

a. Dependent Variable: Bank's Performance

b. Predictors: (Constant), KM processes

Table 13 ANOVA

## Discussions with Hypotheses

H₁. Creating knowledge has positive impact on banks financial performance in banking sector of AJK.

The multiple regression model finding indicates that research hypothesis $H_1$ was supported at the beta value of .332 and t-value of 5.308 and P value=.000 as indicated in table 4. The finding clearly shows that the variable creating knowledge had a significant contribution to enhance the financial performance in banking sector of AJK.

H₂. Capturing knowledge has positive impact on banks financial performance in banking sector of AJK.

The table 4 that research hypothesis $H_2$ was supported at the beta value of .108, t-value of 2.021 and P value =.044. The result clearly shows that the variable capturing knowledge had a significant contribution to enhance the financial performance in banking sector of AJK.

H₃. Organizing knowledge has positive impact on banks financial performance in banking sector of *AJK*.

Table 4
Multiple Regression Analysis

Coefficients[a]

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| 1 (Constant) | .351 | .249 | | 1.408 | .160 |
| CRK | .321 | .061 | .332 | 5.308 | .000 |
| CAPK | .087 | .043 | .108 | 2.021 | .044 |
| ORGK | .052 | .063 | .043 | .823 | .411 |
| STRK | .127 | .058 | .128 | 2.194 | .029 |
| SHRK | .186 | .066 | .162 | 2.814 | .005 |
| APK | .122 | .062 | .121 | 1.986 | .048 |

a. Dependent Variable: Banks' Performance

The table 4 shows that research hypothesis $H_3$ not supported at the beta value of .043, t-value of .823 and P value =.411. The findings demonstrate that the variable organizing knowledge is insignificant to enhance the financial performance in banking sector of AJK.

$H_4$. Storing knowledge has positive impact on banks financial performance in banking sector of *AJK*.

The results in table 4 indicates that research hypothesis $H_4$ was supported at the beta value of .128, t-value of 2.194 and P value =.029. The finding clearly shows that the variable storing knowledge had a significant contribution to enhance the financial performance in banking sector of AJK.

$H_5$. Sharing knowledge has positive impact on banks financial performance in banking sector of *AJK*.

The results in table 4 indicates that research hypothesis $H_5$ was supported at beta value of .162, t-value of 2.814 and P value =.005. The finding clearly shows that the variable sharing knowledge had a significant contribution to enhance the financial performance in banking sector of AJK.

$H_6$. Applying knowledge has positive impact on banks financial performance in banking sector of *AJK*.

The results in table 4 indicates that research hypothesis $H_6$ was supported at beta value of .121, t-value of 1.986 and P value =.048. The finding clearly shows that the variable applying knowledge had a significant contribution to enhance the financial performance in banking sector of AJK.

## Conclusions and Recommendations

This research study is about KM and banks performance. KM is considered as the most essential parts of financial institutions and accompaniment to the institute's corporate activities. Majority of companies claim to have huge savings from the implementation of KM practices in their organizations. Through successful knowledge creation, capturing and sharing banks can enhance the process of banks learning to improve the performance and generate more opportunities to gain competitive benefits for the banks. Unluckily, in Pakistan, this approach or its effectiveness is still not implicit by the majority of the financial institutions comprising banks.

This study investigated the KM and its impact on banks performance and addressed its relationship with enhancing banking performance. It also addressed the relationship between knowledge management processes and banks financial performance. In this study, KM processes (creating, capturing, organizing, storing, sharing and applying knowledge) and its impact on performance in Pakistani banking sector in AJK region.

The correlation analysis results indicate significant association between KM processes and banks performance that in turn characterized the superiority of banking knowledge, which was used in an extensive range of decision makings in the banks. Therefore, if the banks KM quality is best, it can improve banks' performance significantly. The multiple regression finding clearly indicates that the variables creating, capturing, storing, sharing and applying knowledge had a significant contribution to increase the financial performance and the variables organizing knowledge, disseminating knowledge had no significant impact to boost the financial performance in banking sector of AJK.

This research finding has inferences for practitioners. While the idea that KM inspirations performance has acquired acknowledgement among the practitioners, how to approach this process stayed unclear. Thus, an organization hopeful to enhance its performance would improve its KM processes. The conclusion appears to be particularly essential for younger and smaller banks. In this case the researchers contributed in the form of following recommendations, which are followings.

Firstly, banks would promote the acquirement of fresh knowledge for employees by attending fairs and different exhibitions frequently, consolidating their research and development policy and promoting the development of latest research and new ideas within the bank. Secondly, it would boost the knowledge dissemination and explanation in the bank, for instance by utilizing formal instruments to ensure the sharing of best practice amongst various employees and departments, making representatives

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converse with one another, utilizing teamwork, making individuals liable of gathering, accumulating and appropriating employee's recommendations inside the bank. Thirdly, banks should attempt to keep inside the banks to use for future the knowledge they generate by stimulating databases and giving access to the databases by various networks.

In conclusion, the contemporary research study adds to literature, firsty, by analyzing together, in a similar model, the connections among KM and performance, and by utilizing wide measures of every one of them. Secondly, this research study contributes solid assistance to these connections and demonstrates that they are positive and significant regardless of bank age, size, industry or environmental disturbance, in spite of the fact that these variables impact how strong the relationships among them are. Thirdly, the contemporary research study utilizes a simple of Pakistani banks, a framework where the empirical literature is particularly insufficient.

Future researchers can conduct study on KM and its impacts on organizational performance in different fields such as universities, higher education institutions, SMEs and hospital in AJK. A comparative study on KM and its impacts on banks performance can be conducted between private and public sector banks in AJK and also between Islamic banking and commercial banking.

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