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Organizational Performance: The Role of Knowlegde Sharing

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Abstract: *This study examined the role knowledge sharing in the organization has on its performance; thus, the purpose of the study is to determine the relationship that exist between knowledge sharing (independent variable) and organizational performance (dependent variable) with measures of profitability and market share using manufacturing firms in Rivers State, Nigeria. A cross-sectional survey design method was adopted for the study using questionnaire as the research instrument which was distributed to 55 manufacturing firms operating in Rivers State. Generated data were analyzed through the use of Pearson product moment correlation coefficient so as to test the relationship between the variables of the study through the use of Statistical Package for Social Sciences (SPSS). The findings revealed that knowledge sharing significantly and positively affect organizational performance vis-à-vis profitability and market share of the manufacturing firms studied. We therefore, recommended among others that manufacturing firms should improve how they share knowledge through supportive and interactive learning environments that is built on trust, openness and collective ownership.*

Keywords: *Organizational Performance; Knowledge; Knowledge Sharing; Profitability; Market Share*

INTRODUCTION

Organizational performance as well as how to maintain and enhance attained performance has been the most important goal as well as issue facing all organizations, be it a profit or non-profit, small or large as well as private or public organizations. This has made organizational performance a recurrent concept in management as well as of immense interest to both academic scholars and practicing managers. Although organizational performance is very essential to all organizations, the factors that actually determine its outcome in the organization has brought lot of concern to academic researcher (Mills & Smith, 2011). More so, all over the globe business firms are bedeviled with the problem of how to enhance their performance as a result of changes in technology brought about by globalization which has over the years and currently affecting all aspects of business environment. This particularly means that any business firms who fail to align to this current wave of changes will be left behind.

Most organization in Nigeria, especially the manufacturing sector experience low organizational performance. The poor performance is evident in the fact that most manufacturing firms in Nigeria operate sometimes as low as 36.1% capacity utilization (Bamikole, 2014) probably due to factors such as poor leadership, lack of customer satisfaction, low product quality as well as lack of knowledge management especially lack of knowledge sharing (Ismael, Yusof & Davoud, 2010). Business organizations are social entities established to attain set goals (such as higher profitability and high market share) (Etzioni, 1964) and in a bid to attaining the set objectives or goals, business firms have to judiciously utilize all resources at their possession since needed organizational resources can be scarce sometimes. In other words, to attain a high performance in the organization, managers must by all means effectively and efficiently utilize their available resources such as raw materials, money, human resources vis-à-vis knowledge, time, and technology. This is because any business firms that do not perform well will eventually die or go into oblivion (Baum & Singh, 1994). Thus, the ability to successfully manage organizational knowledge will be of immense benefit to the organization.

Hence, William, John and Peter (2012) express that the rationale behind some organizations' low performance is due to the fact that they do not know what they are supposed to know which is as a result of not effectively applying key knowledge management processes such as knowledge sharing. The ability to manage knowledge is crucial in today's knowledge economy. The creation and diffusion of knowledge have become increasingly important factors in competitiveness and organizational performance. While knowledge is increasingly being viewed as a commodity or intellectual asset, the inability to effectively share this valuable commodity among organizational members has cost lots of organization some fortunes. Hence, business firms must by all means create new knowledge continuously; encourage its sharing and storage within the organization in order to enhance their performance as well as to gain more advantage competitively. Knowledge sharing plays an essential role in the innovation capability of the organization that leads to enhanced performance of the organization; thus, AlMashari, Zairi and AlAthari (2002) expressed that knowledge sharing helps to build an organization's culture that encourage innovations for better performance. Advantage of knowledge sharing is not only to facilitate the collaboration in the innovation process but also include the identification of gaps in the knowledge base of the organization as well as how to fill it (Zwain, Teong & Othman, 2012). Knowledge sharing therefore helps to safeguard organization's intellectual assets from putrefying as possessed knowledge is shared between members of the organization which help the employees to make better decisions on their day to day operation. This is because the level of organizational performance depends on the quality of the day to day decisions made by the members of the organization which is dependent on the level of knowledge or information possessed by the members of the organization.

On a daily basis organizations are bedeviled with the problem of how to efficiently manage their knowledge resources especially the sharing acquired knowledge. Due to the fact that most employees hide or are reluctant to share possessed knowledge with other employees because of a belief system that once their expertise or knowledge is shared with others they can be easily lay off from the organization as they will no longer be important, as a result they tend to withhold their knowledge. Consequently, the inability to share knowledge has been a major challenge facing organizations including the manufacturing firms in Rivers State; hence, it is essential to examine the role knowledge plays in enhancing the performance of the organization. In other words, the aim of this study is to determine the impact of knowledge sharing performance vis-à-vis profitability and market share of manufacturing firms in Rivers State, Nigeria. This study would be of immense importance to organizations especially the manufacturing firms in Rivers State, Nigeria as its result would act as a self-assessment tool on the level of implementation of knowledge sharing to improve organizational performance.

Research Questions

The research questions that guided this research work are stated as follows:

i. What is the relationship between knowledge sharing and profitability of manufacturing firms in Rivers State, Nigeria?
ii. What is the relationship between knowledge sharing and market share of manufacturing firms in Rivers State, Nigeria?

Research Hypotheses

The research hypotheses to be tested are stated in the null forms which are as follows:

$H0_1$: There is no significant relationship between knowledge sharing and profitability of manufacturing firms in Rivers State, Nigeria.

$H0_2$: There is no significant relationship between knowledge sharing and market share of manufacturing firms in Rivers State, Nigeria.

LITERATURE REVIEW

Theoretical Framework

This study adopted knowledge-based theory as its theoretical background and it was propounded by Grant in 1996. Grant (1996) explain that to achieve high organizational performance as well as competitive advantage in an uncertain business environment, organization has to possess and encourage the sharing of acquired knowledge and judiciously utilize it, because a knowledge that is valuable today can be obsolete tomorrow. In other words, sustained organizational performance and competitive advantage is determined by the level of knowledge shared among individual in the organization. More so, because knowledge is possessed by individuals, the ability to distribute tacit knowledge in individual employees to the benefit of the organization is the core reason for knowledge sharing. The main focus of this theory is that business firm can only exist based on their ability to manage knowledge efficiently which is essential to its survival, growth and success (Hakanson, 2010), hence the ability to share any possessed knowledge among employees needed for speedy task performance can lead to enhanced organizational performance.

Concept of Knowledge Sharing

Knowledge sharing as used in this paper is a dimension of knowledge management. Knowledge management has to do with the process by which business firms get value from their intellectual assets (Megan & Jon, 2007); hence it is an organized process by which firms effectively manages their knowledge assets in order to create value to meet strategic requirements which involves knowledge acquisition, assessment, sharing, and storage that is sustained over time. In other words knowledge management has to do with effective and efficient utilization of knowledge to enhance the day to day operations of the organization through knowledge acquisition, sharing and storage. Knowledge sharing which is the focused of this paper is a process through which personal and organizational knowledge is exchanged. It is the exchange of knowledge between organizational members (Ismail & Chua, 2005). More holistically, it involves the transferring or conveying of knowledge from an employee to another, groups to employees, employees to group, groups to groups as well from one firm to another for better decision making (Bhatti & Qureshi, 2007). In other words, knowledge sharing has to do with the transfer, dissemination and distribution of organized knowledge for better decision making process. The ability of an organization to encourage knowledge sharing is very important to organizational decision making process because any knowledge that is possessed solely by an employee is of little significance to the organization's performance (Bhatti, 2000), hence the need for knowledge sharing among employees or groups in the organization to enhance performance.

Furthermore, knowledge sharing is not just about information sharing but to help the organization to attain its goals and objectives (Nonaka & Takeuchi, 1995). Thus, Wamundila (2008) expressed that employees should be encouraged to enhance their knowledge as well as distribute it to those that essentially needs it for better decision making. To ensure employees are motivated to share their possessed knowledge among other employees, their job security must be assured as well as good reward system given them. Organizations some time share knowledge with other knowledge driven organizations. With the rapid expansion of high technology, organizations are able to share knowledge electronically and hold virtual discussions to explore new opportunities and build new capabilities. Technologies encourage frequent interaction among employees which leads to the sharing and exchange of knowledge. More so, Armbrecht (2001) expressed that organizational culture and climate is very important to determining if or not organizational members will be wiling or not to share or exchange knowledge. Thus, if organizational culture and climate encourages the sharing and exchange of a possessed knowledge, employees would be willing to share and exchange such knowledge with others and verse versa.

Concept of Organizational Performance

The definition of organizational performance just like other concepts in the field of management is very hard due to it multifaceted nature. However, researchers have used objective and subjective measures to explain the concept of organizational performance. While objective measures has to do with the use of accounting analysis to measure organizational performance, subjective measures has to do with the observation of managers on how effective and efficient the performance of an organization is such as the attainment of set goals and objectives (Slater, 1997). More so, it is a set of financial and non-financial sign or pointer to assessing the levels to which organizational goals and objectives have been attained (Kaplan & Norton, 1992). Wiig (1995) defined performance as the process of quantifying the efficiency and effectiveness of organization's action. It is the process of assessing the progress made (actual) towards achieving predetermined set goals. It involves the establishment of organizational goals, monitoring of progress towards the goals, and making necessary modifications to attaining those goals in an effective and efficient way (Richard, Devinney, George & Johnson, 2009). There are various ways to measure organizational performance according to Pierre, Timothy, George and Gerry (2011) which include profitability, return on investment, return on assets, sales, market share and shareholder return; however, the scope of this paper is limited to profitability and market share.

Profitability has to do with the ability of an organization to maximize revenues and minimize cost; which means how well the business is doing (Lipsey, 2003). Profitability is one of the most sort objectives of all business organization; this is because it determines the failure or the success of any organization. For an organization to achieve high profitability it must be able to operate under a cost advantage policy, hence, the organization has to analyse where operation costs are incurred most and manage accordingly. Having this knowledge on how to reduce the cost associated with the everyday operations of the organization will help to enhance the performance of the organization. Market share has to do with the proportion of a given market an organization have control of which serves as a major sign of competitive advantage enjoyed by an organization (Slack, Johnston & Chambers, 2004). Market share helps manager to evaluate total market growth or decline as well as trends in customers' purchase behaviour. A decline in an organization's market share can be a sign of serious long-term problems that might affects the general performance of the organization which needs urgent strategic modification from managers.

METHODOLOGY

A survey design in the form of cross-sectional design was adopted for the study using questionnaire as the research instrument which consists of three respond choices with 5 point Likert scales ranging from 1 to 5 indicating strongly disagree, disagree, indifference, agree and strongly disagree respectively. The independent variable is knowledge sharing and it was used as a uni-dimensional variable while the dependent variable is organizational performance measured with profitability and market share. The population of this study is made up of 55 manufacturing firms listed with the Manufacturers' Association of Nigeria (MAN), Rivers State. Out of the 55 questionnaire distributed 46 were properly filled and returned which served as the basis for the data analysis. The reliability of the research instrument indicated a Cronbach Alpha value of 0.972 for knowledge sharing, 0.986 for profitability and 0.962 for market share while face and content validity was used for the validity of the research instrument. Collected data was analyzed through the use of Pearson Product Moment correlation coefficient and t-statistics was used to test the relationship between the variables of the study through the use of Statistical Package for Social Sciences (SPSS) Windows version 22 with a significance level of 0.05.

DATA ANALYSIS AND RESULT

Relationship between Knowledge Sharing and Profitability

Table 1: Correlations analysis showing the relationship between knowledge sharing and profitability

Correlations

		Knowledge Sharing	Profitability
Knowledge Sharing	Pearson Correlation	1	.974**
	Sig. (2-tailed)		.000
	N	46	46
Profitability	Pearson Correlation	.974**	1
	Sig. (2-tailed)	.000	
	N	46	46

**. Correlation is significant at the 0.05 level (2-tailed).

Table 1 above shows a Pearson's Product Moment Correlation coefficient (r) of 0.974. This means that a very strong positive relationship exists between knowledge sharing and profitability; thus further improvement in knowledge sharing will enhanced profitability of Manufacturing firms in Rivers State. Below shows the t-values of the relationship between the variables:

Table 2: Extent of effects of knowledge sharing on profitability

Variables	Coef.	t-cal	sig. t	t-tab (0.05, 42)	R	R^2	F-cal	F-tab (0.05, 3, 45)	sig f
Constant	1.162	8.535	.000	2.02	0.974	0.949	539.339	3.23	0.000
Knowledge Sharing	1.077	5.174	.000						

Dependent Variable; Profitability

Source: SPSS Result, version 22.0

The result in Table 2 above shows that the correlation coefficient is 0.974. It indicates that a significant and strong relationship exist between knowledge sharing and profitability. The Coefficient of Determination (R^2) = 0.949 implies that 94.9% variation in profitability is explained by variations in knowledge sharing. This indicates that this model has a good fit. The other 5.1% is elucidated by other variables not captured in this model. The F-calculated of 539.339 had a corresponding significant F-tab of 3.23; we therefore conclude that the model is useful. Conventionally F-Cal = 539.339> F-tab $_{(0.05,\ 3,\ 45)}$ = 3.23 hence the decision above is upheld. Also, Table 2 shows that knowledge sharing had a calculated t-value of 3.003 and a corresponding Probability Value (PV) of 0.000. From the decision rule, since the t-calculated = 5.174> t-tabulated $_{(0.05,\ 5,\ 42)}$ =2.02; then the null hypothesis is rejected and therefore there is a significant relationship between knowledge sharing and profitability of manufacturing firms in Rivers State, Nigeria.

Relationship between Knowledge Sharing and Market Share

Table 3: Correlations Analysis showing the relationship between knowledge sharing and market share

Correlations

		Knowledge Sharing	Market Share
Knowledge Sharing	Pearson Correlation	1	.928**
	Sig. (2-tailed)		.000
	N	46	46
Market Share	Pearson Correlation	.928**	1
	Sig. (2-tailed)	.000	
	N	46	46

**. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Result, version 22.0

Table 3 above shows a Pearson's Product Moment Correlation coefficient (r) of 0.928. This means that a very strong positive relationship exists between knowledge sharing and market share; hence, further improvement in knowledge sharing will enhance market share of manufacturing firms in Rivers State. Below shows the t-values of the relationship between the variables:

Table 4: Extent of effects of knowledge sharing on market share

Variables	Coef.	t-cal	sig. t	t-tab (0.05, 42)	R	R^2	F-cal	F-tab (0.05, 3, 45)	sig f
Constant	3.417	7.987	.000	2.02	0.928	0.861	539.339	3.23	0.000
Knowledge Sharing	.312	3.738	.000						

Dependent Variable; Profitability

Source: SPSS Result, version 22.0

The result in Table 3 above shows that the correlation coefficient is 0.928. It indicates that a significant and strong relationship exist between knowledge sharing and market share. The

Coefficient of Determination (R^2) = 0.861 implies that 86.1% variation in market share is explained by variations in knowledge sharing. This indicates that this model has a good fit. The other 13.9% is elucidated by other variables not captured in this model. The F-calculated of 539.339 had a corresponding significant F-tab of 3.23; we therefore conclude that the model is useful. Conventionally F-Cal = 539.339> F-tab $_{(0.05, 3, 45)}$ = 3.23 hence the decision above is upheld. Also, Table 3 shows that knowledge sharing had a calculated t-value of 3.738 and a corresponding Probability Value (PV) of 0.000. From the decision rule, since the t-calculated = 3.738> t-tabulated $_{(0.05, 5, 42)}$ =2.02; then the null hypothesis is rejected and therefore there is a significant relationship between knowledge sharing and market share of manufacturing firms in Rivers State, Nigeria.

DISCUSSION OF FINDINGS

Data analysis indicated strong influence of knowledge sharing on profitability and market share respectively. In line with the above findings, Roland (2006) revealed that profitability depends on a firm's ability to integrate knowledge into the value creation process and into core competency based strategies through sharing. In other words, to attain and sustain a high level of performance, an organization must develop efficient mechanisms for distributing and exchanging of knowledge between employees. Also, Kiessling, Richey, Meng and Dabic (2009) expressed that knowledge management positively affects organizational outcomes, such as the firm's innovation, product improvement, employee improvement as well as the general performance of the organization. In the same vein, Inkpen (1998) accentuated that not only does employees play essential role in the creation and utilization of knowledge but unless others have access to it such knowledge would have limited impact on organizational performance. Thus, the process that is involved in knowledge management is not only limited to knowledge acquisition but also the process where employee possessed knowledge is regularly amplified and shared among others through sustained processes and efforts for better performance.

To further buttress our findings, Bhojaraju (2005) expressed that knowledge sharing throughout the organization improves organizational processes and removes redundant processes through the introduction of more efficient and effective ones which enables the employees to have access to the right information about their customers, serve them better and increase their market share. In the same vein, Davenport and Prusak (1998) expressed that an organizational performance can be improved by locating and sharing useful knowledge. Also, Hair (1998) noted that knowledge management processes which are knowledge acquisition, knowledge sharing and knowledge storage enhances the performance of the organization such as the market share and its profitability. The market share of an organization highly depends on the ability of managers to transform all the knowledge resources held by individuals and teams and create values as well as share the same within the organization for enhanced performance (profitability and market share). Hence, employees must be motivated to share acquired knowledge between other colleagues for better performance. This is because in order to achieve success, organizations should possess and share knowledge (Stefanescus &

Stefanescus, 2008). The ability to share any possessed knowledge has therefore become necessary in the organization so as to overcome knowledge loss and improve performance.

CONCLUSION

Our analysis revealed that a significant and positive relationship exist between knowledge sharing and organizational performance vis-à-vis profitability and market share of manufacturing firms in Rivers State; thus we conclude that knowledge sharing is an essential tool that enhances organizational performance. To attain higher performance in the organization, managers must ensure possessed knowledge is shared to those that will need it for better decision making. Organizations make decisions on a daily basis as events unfold from the business environment which either bring opportunities or threats; however to take advantage of every opportunities that will enhance performance, organizations must have the required information needed to make better decisions through knowledge sharing. Hence it is very important to share any possessed knowledge for better performance. This is because knowledge is recognized as a strategic resource for enhancing organizational performance, thus must be managed as such.

RECOMMENDATIONS

Below are the recommendations from this study

1. Manufacturing firms should improve how they share knowledge through supportive and interactive learning environments that is built on trust, openness and collective ownership
2. The manufacturing firms should also implement the following knowledge sharing practices such as succession planning, storytelling, mentorship, coaching and orientation. This is to ensure appropriate sharing of knowledge in the firms in order to enhance their performance.
3. Encourage knowledge sharing by locating people who normally work together close to each other where people can connect with others through briefings and discussions.
4. Financial and non-financial reward should be given to employees on their abilities to share knowledge so as to encourage knowledge sharing in the organization.

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