Influence of Knowledge Transfer and Knowledge Application on Performance of Commercial Banks in Kenya

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Abstract
This study examines the influence of knowledge transfer and knowledge application on performance of Commercial Banks in Kenya. Knowledge transfer was measured using activities involving conveyance of ideas, experiences and information to facilitate sharing, collaboration and networking. Knowledge application was measured using indicators comprising of problem solving, elaboration, efficient processes, IT support, and infusion. In addition, performance was measured using non-financial indicators comprising new products, speed of response to market crises, product improvement, customer retention, and new processes. The study adopted explanatory and cross-sectional survey design. The target population of this study comprised all the 43 Commercial Banks in Kenya. The unit of observation was the functional area in each bank. Five areas were identified in each bank comprising human resource, finance, marketing, information communication technology, and operations in each bank. This study used primary and secondary data. Primary data was collected using a semi-structured questionnaire. The questionnaire was administered using the drop-and-pick later method. Secondary data was collected using document review and was used to validate information collected from the questionnaire. The response rate in this study was seventy three percent which was considered sufficient for making inferences and drawing conclusions. Quantitative data was analysed using descriptive and inferential statistics. Descriptive statistics included percentages, frequencies, means, and standard deviations while inferential statistics involved regression analysis. Results from quantitative data analysis were presented using figures and tables. The findings of the study established that knowledge transfer and knowledge application positively influence performance.

Keywords: Knowledge Management, Knowledge Transfer, Knowledge Application and Organizational Performance.
1. Introduction

Management scholars concur that competitive advantage in the 21st century is linked to knowledge-based resources which provide heterogeneous capabilities thus giving each organization its unique character (Wong and Aspinwall, 2006; Liu and Wei, 2009). Extant researches (Mohrman, Finegold and Mohrman, 2003; Abdul, Yahya, Beravi and Wah, 2008; Gasik, 2011) have focused on knowledge transfer and knowledge application as some of the key dimensions of knowledge management that have potential to improve corporate performance. Individual and organizations create and enlarge knowledge through conversion of tacit knowledge into explicit knowledge and vice versa.

Knowledge transfer involves a variety of interactions between individuals and groups; within, between, and across groups; and from groups to the organization (Paulin and Suneson, 2012). Individual and organizations create and enlarge knowledge through transfer of tacit knowledge and explicit knowledge and vice versa. Explicit knowledge is formal and systematic (Nonaka, 1991). In this case, explicit knowledge is easily communicated and shared creating a common cognitive ground among employees which facilitates the transfer of tacit knowledge. It has been noted that any knowledge transferred between individuals does not only benefits the organization but also tends to improve competence in both the individuals that are involved in the process (Syed-Ikhsan and Rowland, 2004).

However, as has been noted by Gasik (2011), companies benefit not from the existence of knowledge but from its proper application. Ajmal and Koskinen (2008) consider knowledge application as the process through which knowledge is directly applied to task performance or problem solving. Moreover, knowledge may be possessed and applied by individuals or by whole teams. Organizational routines, direct guidelines and instructions, and self-organizing teams constitute the main mechanisms that guarantee the application of knowledge (Grant, 1996; Gasik, 2011). Knowledge application may take different forms such as elaboration (when a different interpretation is required), infusion (finding underlying issues), or thoroughness (when different people or teams develop different understanding) (King, Chung and Haney, 2008). Managing knowledge has become as important to Commercial Banks as it is for other knowledge based organizations because

(Shih, Chang and Lin, 2010) banking is a typical knowledge-intensive industry that involves activities of knowledge exchange (service) rather than exchange of goods.

Commercial Banks have been found to play a critical role in economic development of a nation and are specifically recognised for their contribution to the economic activities, employment, innovation and wealth creation of a country (Ongore and Kusa, 2013). As noted by Rono (2011), competition and most of the work in the banking industry are knowledge-based and thus knowledge management is indispensable in the operations of Commercial
Banks. Moreover, the last open frontier for banks to create competitive advantage may reside in their ability to leverage knowledge, since banking is not just a business of handling money but also a business that is driven and sustained by availability and exploitation of information.

In spite of the numerous benefits inherent from exploitation of organizational knowledge resources, the effect of knowledge transfer and knowledge application on performance has not been sufficiently investigated. In addition, the few studies that have been conducted have focused on developed economies (Lee and Choi, 2003; Yeh, Lai and Ho, 2006) and hardly involved Commercial Banks. Therefore, there was a need to investigate the influence of knowledge transfer and knowledge application on performance of Commercial Banks in Kenya.

2. Literature Review

2.1 Resource-Based View of the Firm

The resource-based view (RBV) perceives a firm as an aggregation of resources which are translated by management into strengths and weaknesses of the firm. RBV holds that companies gain sustainable competitive advantages by deploying valuable resources and capabilities that are inelastic in supply (Grunert and Hildebrandt, 2004). This perspective contends that a firm’s competitive advantage is due to endowment of strategic resources that are valuable, rare, costly to imitate, and costly to substitute. It assumes that organizations must successfully obtain and manage valued resources in order to be effective. In the resource-based perspective, organizational effectiveness is defined as the ability of the organization in either absolute or relative terms, to obtain scarce and valued resources and successfully integrate and manage such resources (Dess, Lumkin, Eisner, Lumpkin and McNamara, 2012).

Resources are organizational factors that allow companies to create value for their customers and include financial, physical, social or human and technological factors. Broadly, organizational resources are either tangible or intangible (Jones and Hill, 2009). Intangible resources are non-physical entities that are the creation of managers and other employees, such as brand names, the reputation of the company, the knowledge that employees have gained through experience, and the intellectual property of the company, including that which is protected through patents, copyrights, and trademarks. Tangible resources are physical and include land, buildings, plant, equipment, inventory, and money. Although physical resources may be the origin of above average returns, intangible resources developed through a unique historical sequence and having a socially complex dimension, are responsible for creating and sustaining competitive advantage (Makhija, 2003).

RBV postulates that competing firms have heterogeneous resources which are not mobile, thus making long term, sustainable competitive advantage possible based on internal configuration of strategically relevant resources (Grunert and Hildebrandt, 2004). In case a resource is firm-specific and difficult to imitate, then a company is likely to have a distinctive
competence. Furthermore, a distinctive competence is a unique firm-specific strength that enables a company to better differentiate its products and/or achieve substantially lower costs than its rivals and thus gain a competitive advantage. RBV proposes that firm’s resources must be evaluated in terms of how valuable, rare, and hard they are for competitors to duplicate (Dess et al., 2012). In the absence of such valuable resources the firm attains only competitive parity. Makhija (2003) suggests that these valuable resources are frequently found in the organization in the form of tacit knowledge. In this case, knowledge based assets need to be leveraged in order to enhance corporate performance. Thus, in this study, the postulates of RBV were used to inform the independent variables.

2.2 Empirical Literature Review

2.2.1 Knowledge Transfer

Syed-Ikhsan and Rowland (2004) observed that very few empirical studies have been done on KM and knowledge transfer, and even less in the developing countries. Extant researchers (Davenport and Prusak, 1998; Tseng, 2010) have identified trust, vocabularies, frames of reference, meeting times and venues, broad ideas of productive work, status and rewards that do not go to knowledge owners, absorptive capacity, the belief that knowledge is not the privilege of particular groups, and tolerance as significant cultural factors in the knowledge transfer and sharing process. The empirical study conducted by Syed-Ikhsan and Rowland confirmed that there is no significant relationship between organizational structure and knowledge transfer performance. However, it was noted that management should consider ensuring that information or knowledge is accessible and shared in the organization.

Saini (2013) revealed that community involvement programs and training contributed to the implementation of KM practices as employees could freely exchange their ideas and contribute to knowledge sharing, transfer and reuse. Moreover, cross-exposure to different departments was another item that contributed to KM implementation. Saini focused on KM practices including knowledge capturing, knowledge sharing, knowledge transfer, knowledge storing and knowledge reuse. Furthermore, organizational culture was found to be critical in transmitting tacit knowledge among organizational members and transforming tacit knowledge into explicit knowledge in software SMEs. Syed-Ikhsan and Rowland (2004) asserted that creation and transfer of knowledge is a critical factor in an organization’s success and competitiveness.

Becheikh, Ziam, Idrissi, Castonguay and Landry (2012) used exploratory research design to examine knowledge transfer process in education and suggested that linkage agents are central actors in the knowledge transfer process. The intervention of linkage agents is critical in helping adapt the knowledge produced by researchers and make it easier to adopt and use by practitioners. Moreover, the effectiveness of this process hinges on major factors including
determinants related to knowledge attributes, actors involved in the process and transfer mechanisms. The exploratory research design used in this study does not support statistical analysis and making generalization from the findings.

\( \text{H}_0_2: \) Knowledge transfer has no influence on performance of Commercial Banks in Kenya.

2.2.2 Knowledge Application

Knowledge application may take different forms such as elaboration (when a different interpretation is required), infusion (finding underlying issues), or thoroughness (when different people or teams develop different understanding) (King, Chung and Haney, 2008). Furthermore, it is the process through which knowledge is directly applied to task performance or problem solving. Knowledge may be possessed and applied by individuals or by whole teams (Ajmal and Koskinen, 2008). As noted by Gasik (2011), companies benefit not from the existence of knowledge but from its proper application.

Yusoff and Daudi (2010) using a 7-point Likert scale, correlation analysis and regression analysis concluded that knowledge application positively influences performance. However, the conclusion of the study cannot be generalised because of the low response rate of thirty eight percent. McKeen, Zack and Singh (2006) using a 5-point Likert scales, showed that there was a statically significant positive link between perceptions of high adoption of the KM practices and perceptions of high organizational performance. KM involves distinct but interdependent processes of knowledge creation, knowledge storage and retrieval, knowledge transfer, and knowledge application (Alavi and Leidner 2001; Gunasekaran and Ngai, 2007). Glisby and Holden (2005) observed that organizations achieve breakthrough by applying KM concepts to supply chains. Fattahiyan, et al. (2013) revealed that organizational structure, knowledge acquisition, knowledge application and knowledge protection affect organizational performance.

\( \text{H}_0_2: \) Knowledge application has no influence on performance of Commercial Banks in Kenya.

2.2.3 Organization Performance

Understanding the determinants of firm performance has long been a key goal within organizational research (Short, McKelvie, Ketchen and Chandler, 2009) because performance is considered the most important criterion in evaluating organizations, their actions, and environments. In the last decade, the influence of KM on performance has been an enduring research theme in organizational theory (Feng 2004; Gan, Ryan and Gururajan, 2006) providing empirical evidence that KM significantly affect performance (Choi and Lee 2002; Dröge et al., 2003; Sabherwal and Sabherwal, 2005). Extant researchers (Mohrman, et al., 2003; Abdul et al., 2008; Yusoff and Daudi, 2010) identified knowledge conversion, knowledge transfer and
knowledge application as key dimensions of KM whose integration can improve firm’s performance.

Wilcox King and Zeithaml (2003) observed that KM is intended to increase the quality and performance of the organizational and help a company to compete effectively with other companies in the market. In addition, Bogner and Bansal (2007) distinguished the ability to generate new knowledge as a fundamental mechanism of KM systems that influence the performance of a company. Zaim, Tatoglu and Zaim, (2007) noted that effective operation of KM enables companies to perform more efficiently and survive in the business competitive environment through sustaining their competitive advantages and developing their knowledge assets. RBV and KBV consider knowledge and KM as critical resources which substantially influence organizational success (Beesley and Cooper, 2008).

Although corporate performance may be measured using both financial and non-financial indicators (Kaplan and Norton, 2007), financial indicators can only reflect the performance of banks in the past as opposed to non-financial indicators that focus on organizations’ current and future operating conditions (Zhang and Li, 2009). Moreover, non-financial indicators are implemented at all levels of organizations and represent a more precise picture than financial indices whose results are superficial. Furthermore, financial measures of performance are based on traditional accounting practices and emphasize short-term indicators such as profit, turnover, cash flow and share prices, which are not fully suitable for measuring corporate performance (Lee, Lee and Kang, 2005). Therefore, this study adopted non-financial indicators of performance comprising of new products, speed of response to market crises, product improvement, customer retention, and new processes.

3. Research Methodology

This study adopted explanatory and cross-sectional survey design as recommended by Saunders, Lewis and Thornhill (2009). As noted by Saunders, Lewis and Thornhill (2007) explanatory study helps to establishes causal relationships between the study variables. In addition, a cross-sectional study helps to measure the relationship of variables at a specified time so as to describe the incidence of a phenomenon and how the variables are related. The research design adopted would help to establish the influence of knowledge transfer and knowledge application on performance of Commercial Banks in Kenya.

The dependent variable was considered as a continuous variable and thus regression analysis was adopted as recommended by Field (2009). Multivariate analysis was used to perform regression on the relationships between the two research variables. In particular, knowledge transfer and knowledge application were regressed on performance as shown below.

Commercial Bank Performance = β1 + β1 Knowledge Transfer + β2 Knowledge Application + ε
The population of this study comprised of all the 43 Commercial Banks in Kenya categorized into large, medium, and small banks on the basis of market share. Five areas were identified in each bank comprising human resource, finance, marketing, information communication technology, and operations in each bank. Thus, a census survey was used where the unit of observation was the functional area in each bank. Proportionate stratified sampling of respondents was undertaken on the basis of the number of banks in the three strata comprising large, medium, and small banks and the five functional areas. In this case, the resulting sample size of 215 was considered representative of the three strata comprising large, medium and small banks.

Primary and secondary data were utilized in this study. Primary data was collected using a semi-structured questionnaire administered to managers of the five functional areas identified in each bank. Closed-ended questions constructed on a 5-point Likert scale (1-strongly disagree and 5-strogly agree) provided structured responses that facilitated quantitative analysis, testing of hypothesis, and drawing of conclusion. However, open-ended questions provided additional information that may not have been captured by the closed-ended questions. Secondary data was obtained through document review of published sources including periodicals from CBK such as CBK Bank Supervision Annual Report and CBK Monthly Economic Review.

The pilot study involved fifteen respondents randomly selected from the target population. Face and content validity of the questionnaire items for the two research variables were verified through literature review and expert suggestions as recommended by Mugenda and Mugenda (2003). Furthermore, factor analysis confirmed that the study variables had construct validity as recommended by Kerlinger and Lee (2000). Cronbach’s Alpha for the study variables was established at 0.700, 0.841 and 0.712 for knowledge transfer, knowledge application and performance respectively which lie within the threshold of at least 0.7 recommended by Marczyk, DeMatteo and Festinger (2005) and thus confirmed the reliability of the items utilized in the study instrument.

A research permit was sought from the National Council of Science, Technology and Innovation (NACOSTI) before embarking on data collection. At the bank level, permission was sought from the bank management to collect data from their managers. The respondents were requested to indicate their informed consent to participate in the study. The researcher administered the questionnaire through hand-delivery and collected the completed questionnaires later.

4. Results and Discussion

The researcher administered 215 questionnaires, out of which 156 were filled-in and returned translating to a response rate of 73% respondents. This response rate is considered
sufficient for making inferences and drawing conclusions from the research data as recommended by Mugenda and Mugenda (2003).

4.1 Descriptive Statistics

The sample measures that were most pertinent to the objectives of this study were sample mean and sample standard deviation were used as a basis for summarizing, describing and comparing research variables numerically as well as revealing pattern of sample data-set as recommended by Saunders et al. (2009).

Table 1: Descriptive Statistics for the Study Variables

<table>
<thead>
<tr>
<th>KNOWLEDGE TRANSFER</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>S/D</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a process of information identification</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>3.90</td>
<td>0.44</td>
</tr>
<tr>
<td>There is a process of information evaluation</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.20</td>
<td>0.90</td>
</tr>
<tr>
<td>Similar mistakes are avoided</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>3.95</td>
<td>0.59</td>
</tr>
<tr>
<td>Useful information is disseminated</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>3.92</td>
<td>0.64</td>
</tr>
<tr>
<td>There are open discussions</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>3.91</td>
<td>0.57</td>
</tr>
<tr>
<td>There is continuous capturing of information</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>3.61</td>
<td>0.67</td>
</tr>
<tr>
<td>AGGREGATE SCORE FOR KNOWLEDGE TRANSFER</td>
<td></td>
<td></td>
<td></td>
<td>3.92</td>
<td>0.64</td>
</tr>
<tr>
<td>KNOWLEDGE APPLICATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank leadership has pioneered and driven KM adoption and use</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>3.88</td>
<td>0.62</td>
</tr>
<tr>
<td>There is a KM training program</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.27</td>
<td>0.63</td>
</tr>
<tr>
<td>There are continuous improvements as a result of KM application.</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.03</td>
<td>0.54</td>
</tr>
<tr>
<td>There is a KM strategy in the bank</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.19</td>
<td>0.73</td>
</tr>
<tr>
<td>KM has yielded efficient processes</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.04</td>
<td>0.79</td>
</tr>
<tr>
<td>IT used in KM has supported worker’s needs</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.23</td>
<td>0.83</td>
</tr>
<tr>
<td>AGGREGATE SCORE FOR KNOWLEDGE APPLICATION</td>
<td></td>
<td></td>
<td></td>
<td>4.12</td>
<td>0.69</td>
</tr>
<tr>
<td>PERFORMANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New products</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.26</td>
<td>0.61</td>
</tr>
<tr>
<td>Increased speed of response to market crises</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.15</td>
<td>0.48</td>
</tr>
<tr>
<td>Improvement of existing product</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.38</td>
<td>0.70</td>
</tr>
<tr>
<td>New processes</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.58</td>
<td>0.72</td>
</tr>
<tr>
<td>Improvement of existing processes</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.14</td>
<td>0.63</td>
</tr>
<tr>
<td>Enhanced customer retention</td>
<td>156</td>
<td>1.00</td>
<td>5.00</td>
<td>4.15</td>
<td>0.73</td>
</tr>
<tr>
<td>AGGREGATE SCORE FOR PERFORMANCE</td>
<td></td>
<td></td>
<td></td>
<td>4.28</td>
<td>0.65</td>
</tr>
</tbody>
</table>

Source: Field Data (2015)

Table 1 shows the aggregate mean score and standard deviation for items on knowledge transfer are 3.92 and 0.64 respectively. This overall mean score approximates to 4.00 (agree) on the 5-point Likert scale and therefore reveals that there is agreement amongst respondents that activities involving transfer of knowledge are practiced in Commercial Banks. Generally, the responses are clustered around mean response as illustrated by the low aggregate standard deviation of 0.64. Moreover, the low variability of responses implies that the aggregate mean score is a stable and reliable estimator. In this case, the respondents agree that knowledge transfer plays a key role in performance.

The aggregate mean score for items on knowledge application is 4.12 and its corresponding standard deviation is 0.69. This overall mean score tends to 4.00 (agree) on the 5-point Likert scale adopted for the study and thus indicates that respondents generally agreed that activities
involving knowledge application are practiced in Commercial Banks. In addition, the responses are clustered around the mean response as illustrated by the low aggregate standard deviation. The low variability of responses reveals that the mean response is a reliable estimator for the true mean. The narrow variability from the overall mean response confirms that knowledge application is important for performance.

Furthermore, the overall mean score and standard deviation for items on performance are 4.28 and 0.65 respectively. The aggregate mean score approximates to 4.00 (agree) on the 5-point Likert scale used in this research confirming that there is agreement amongst respondents that the indicators for performance are present in Commercial Banks. The low aggregate standard deviation reveals a narrow variability of responses and thus the aggregate mean responses is a stable and reliable estimator of the population mean. The overall narrow variability of responses from the aggregate mean response confirms that performance is important in Commercial Banks.

4.2 Test of Hypothesis

Multivariate analysis was used to empirically test the two hypotheses adopted for this study. The null hypotheses were tested at 95% level of confidence as a statistical basis for drawing conclusions. The responses for each research variable were combined to generate composite scores which were used in the regression analysis. Knowledge transfer and knowledge application were regressed on performance as shown in Table 2.

<table>
<thead>
<tr>
<th>Table 2: Regression Results for the Research Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
</tr>
<tr>
<td>Knowledge Application</td>
</tr>
</tbody>
</table>

R | R Square | Adj R Square | Std. Error of the Estimate | Durbin-Watson |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>.766a</td>
<td>.587</td>
<td>.579</td>
<td>.27009</td>
<td>2.257</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>15.774</td>
<td>3</td>
<td>5.258</td>
<td>72.081</td>
</tr>
<tr>
<td>Residual</td>
<td>11.088</td>
<td>152</td>
<td>.073</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26.862</td>
<td>155</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**a. Predictors:** (Constant), Knowledge Transfer, Knowledge Application  
**b. Dependent Variable:** Performance

Source: Field Data (2015)

The regression model estimated in Table 2 for the direct relationship is presented below.

Commercial Bank Performance = 1.803 + 0.071Knowledge Transfer + 0.904Knowledge Application

The results of regression analysis show that the adjusted coefficient of multiple determination = 0.579 which implies that collectively, knowledge transfer and knowledge application explains 57.9 % of variation in performance. The proposed regression model fitted
the data well as it was statistically significant at $F (3, 152) = 72.081$ and calculated probability = 0.000. Moreover, regression analysis revealed that holding KM to constant zero, performance would be at 1.803.Durbin-Watson (DW) statistic was utilized to assess the independence of the error terms. DW statistic ranges from zero to four where scores between 1.5 and 2.5 indicate independent observations (Garson, 2012). The regression results show reveals DW statistics of 2.257 which is within the range recommended by Garson and thus the residuals of the empirical model are not autocorrelated. The ANOVA statics reveals that the data was suitable for making conclusion on the population’s parameters as the calculated probability of 0.000 is below the 5% threshold adopted.

4.2.1 Test of Hypothesis One

The first specific objective sought to establish the relationship between knowledge transfer and performance. The research null hypothesis formulated proposed that knowledge transfer has no relationship with performance. The results of regression analysis in Table 4.14 revealed that knowledge transfer is statistically significant at $\beta=0.071; t = 2.316; p =0.019$, thus at 95% confidence level, knowledge transfer has a positive effect on performance. In addition, an increase of 0.071 in performance is attributed to a unit increase in knowledge transfer. This study concludes that there is a relationship between knowledge transfer and performance of Commercial Banks in Kenya.

4.2.2 Test of Hypothesis Two

The second specific objective sought to determine the relationship between knowledge application and performance. The research null hypothesis formulated from this objective proposed that knowledge application has no relationship with performance. The results of regression analysis in Table 2 confirmed that knowledge application is statistically significant at $\beta=0.904; t = 14.488; p = 0.001$, therefore at 95% confidence level, knowledge application has a positive effect on performance. In this case, a unit increase in knowledge application causes an increase of 0.904 in performance. Therefore, the conclusion of this study is that knowledge application influences performance of Commercial Banks.

5. Conclusion and Recommendations

Corporate performance is a key focus of management within organizations. This study investigated the influence of knowledge transfer and knowledge application on performance of Commercial Banks in Kenya. On the basis of the findings, the researcher inferred some important conclusions. In regard to the first objective, knowledge transfer is statistically significant and therefore knowledge transfer has a positive influence on performance. Similarly, based on the second objective, knowledge application is statistically significant and hence knowledge application has a positive influence on performance.
Management of Commercial Banks should consider enhancing practices associated with the different elements of knowledge transfer. In particular, information should be made more available and accessible. Similarly, there is a need to enhance the flow of information in order to facilitate transmission of tacit knowledge. Furthermore, in relation to knowledge application, management of Commercial Banks should take initiatives to pioneer and drive KM adoption and use as well as commit more financial resources on KM training programs.

This study sought to investigate the influence of knowledge transfer and knowledge application on performance of Commercial Banks in Kenya. In this case, the findings and conclusions are limited to Commercial Banks in Kenya. Future research should focus on validating the findings and conclusion of this study by undertaking replicative researches in other organizations and sectors in Kenya. Moreover, further research should be carried out to investigate the relationship between other dimensions of knowledge management and performance.

References


