

Strategic Knowledge Management and Business Success: Social Network Perspective

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Abstract: The paper examined strategic knowledge management and business performance. Specifically, the study examined the relationship between social network and business performance, and to ascertain the challenges relating to knowledge management and business performance. The study adopted descriptive survey design approach. The study population comprised management level personnel in operational banks in Yenagoa, which summed up to 20 participants. The descriptive analysis was adopted using simple percentages, and the inferential analysis adopted Spearman Rank Order Correlation Coefficient to establish the relationship between the examined variables. All of this was done using the SPSS software. The result from the analysis shows a positive relationship between knowledge management and business performance. Conclusively, knowledge management is a dynamic tool for business growth, sustainability and corporate resilience. Creation, acquisition, sharing, transfer and storing of knowledge/information are being done electronically through social network, blog, email, etc. Organizational management has used this digital platforms to create and share knowledge among staff and other internal actors but also giving an opportunity with little or more restrictions to external factors such as customers, distributors, government officials etc. It was recommended, among others, that managers and other employees should provide quality knowledge through the internet, emails etc. in order for employees to be more proactive in running the day-to-day activities of the organization.

Keywords: Business, Strategic.

Introduction

Strategic knowledge management is a dynamic concept with a different approach of managing individuals and systems on the basis of response to sudden change and turbulent business environment and also a method used in enhancing employees and organizations performance. It is also a method used by management to project sustainability and competitive advantage through securing and implementing technical knowhow (Hajir, Obeidat, Al-dalahmeh & Masa'deh, 2015).

The term knowledge management is a tool used by management to control both formal and informal knowledge in all fields and disciplines. It is also characterized as a functional concept for both management and employees of an organization for successful productivity

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(Nonaka, 2014). Disciplines such as management sciences, computer sciences, biological sciences, sociology, economics and others, all recognized the strategic functions of knowledge management. The growing interest of these disciplines/organizations to manage information in the direction of efficient use of resources was what mostly determined the creation Knowledge Management systems and today's business organizations, is leading us to intelligent organizations and Knowledge Revolution.

Modern technological infrastructure such as social networks, virtual network, information search engines, social forums are the most recent and common technological build-up that has supported the function of strategic knowledge management. Through this social platform relevant information/knowledge can easily be accessed, create, share, transfer, and used. Business organisations can also extend their knowledge management practices to their partner and customer through social network platform by receiving opinions, ideas and feedbacks concerning implemented policies and projects. It is clear that social networks also encourage people to create and share vital information and it may be saved for a long period of time. Businesses use this platform to showcase their products, services and even projected ideas to both customers and partners. Technology also significantly promote a knowledge culture by changing employees habits regarding communication, collaboration, information sharing, learning, and decision-making, because information and communication on social network cannot be easily tempered and can be stored for a long-time.

In this context, management of organizations provides and plays essential role in the promotion of knowledge management systems, by creating platform in which employees are willing to apply their idea and knowledge, share and transfer it among themselves. Developed knowledge can be continually documented through reports, images or even metaphors, and made available to everyone in the organization (Sousa & González, 2016). Business and non- business activities such as informal contacts, internal lectures, conferences, problem-solving and project review meetings, dialogue sessions, internal reports, and memos are essential means to share knowledge among staff of an organization.

Contemporary, organizations also use technological and social mechanisms to facilitate their knowledge sharing: the internet, the intranets, the library, the meeting rooms, an auditorium, a digital archive and even a digital documentation system (Sousa & González, 2016). They (organization) can also create a digital network of knowledge with their staff across all business branches, department and units for creating, developing and sharing of knowledge.

This digital network of knowledge creation and development is not only limited to the internal actors (staff of the organization) for corporate innovation, but also for external actors, like universities, consultant companies, trade unions and others. As innovation agents, their knowledge can be necessary for the organizational development itself (Sousa & González, 2016). In some organizations, knowledge is continually being implemented and incorporated into new products, services, and processes (Inkinen, 2016; Costa and Monteiro, 2016).

There are benefits which workers derive from strategic management of information and knowledge by eliminating the duplication of efforts or saving valuable time. The benefits of knowledge management could be translated into benefits that can be expressed concerning efficiency or effectiveness (Laise, 2016). Databases are a typical example since they help eliminate less efficient operations by reusing knowledge. The impact on organizations affects some of the organization's key goals, such as productivity, performance, and innovation. However, this study is focused on strategic knowledge management and business performance from social network perspectives.

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Objective of the Study

The objective of the study is to examine strategic knowledge management and business performance. Specifically, the study is to:

1. Examine the relationship between social network and business performance.
2. Ascertain the challenges relating to knowledge management and business performance.

Research Questions

1. What is the relationship between social network and business performance?
2. What are the challenges relating to knowledge management and business performance?

Literature Review

Knowledge Management /Environment

Knowledge is a resource that organizations seek to acquire through interacting with their internal and external environment. Knowledge management is a practice that involve the entire business environment, i.e., it is a strategy for continue existence in the business environment.

There are multiple ways in which management of organizations can relate knowledge management practices with their immediate environment. This can be done through the management of both explicit and tacit knowledge types of knowledge. For example multinational organizations have identified eight (8) distinct approaches of managing knowledge. They are;

- knowledge mapping
- news information alerts
- communities of practice
- virtual collaboration
- knowledge databases
- question and answer forums
- expert databases
- Training and education (Bouthillier and Shearer, 2002).

However, there are also four similar ways of relating knowledge management to the internal environment of the firm. This was pointed out by Bhatt (2002) and they are;

- ✓ the fostering of self-organized teams and promotion of group social interaction
- ✓ the motivation and nurturing of individual expertise
- ✓ the storage and codification of rules and procedures in simple formats so that employees can easily access and understand these rules and processes
- ✓ Empowerment of employees through opinion and collaborative decision making process.

Knowledge management is not a practice that can be isolated from its environment, rather it is a strategy that is established because of the effect of internal and external environment factors on the business. For an organization to achieve her goals and objective it is mandatory for that venture to have a cordial

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romance with the immediate environment of operation. Business environment is a key determinant for business success, so knowledge management is a strategy that is set upon ensuring smooth running of the business by conquering or subduing the environmental challenges.

Knowledge Management and Business Performance

Knowledge management is a practical concept and it has been an empirical strategy employed by organizations in Nigeria, Africa and the world. The reason why so many businesses are still in existence today is because of their ability to manage knowledge effectively, i.e., acquiring, sharing, transferring, storing and retrieval of knowledge/information for decision making. It is a masterplan to every organization success, it is a tool for corporate resilience, it is a mechanism to balance the demands of all stakeholders and the lifeblood (information) for continued existence.

The Nigeria banking sector is one of the largest sector with countless customer database. The ability for these banks to manage every transactions, customer data and financial trends is the key to their sustainability in this turbulent market. Information/knowledge is a resource that is capable of frustrating the success status of an organization, if not effectively managed. Irrespective of the large customer network of Nigeria banks and the volume of customer information they handle, they have ensure strategic management of this information. They ensured swift notification of every financial transaction made by customers; they ensure daily checks and balances of operation, and they extend complimentary salutation on birthdays and other social events. Financial trends of currency exchange rates, government policies, economy situation and socio-cultural factors have not been able to destroy their operation because they have chosen to be flexible in policy formulation in order to blend and adapt to any environment disturbance. Through knowledge management they know when their customers' network is faulty, they even know when some accounts are not functioning or dormant, and how to expand their customer database, through aggressive marketing strategy.

Byukusenge, Munene & Orobia (2016), examined the mediating effect of innovation in the relationship between knowledge management and business performance of SMEs in Rwanda. A cross-sectional survey and quantitative methodological approach were used to collect data used to carry out mediation test. The study results revealed that innovation had a positive effect on business performance. However, there was no direct effect of knowledge management on business performance, except through the full mediation of innovation.

Umoh & Amah (2013), examined the relationship between knowledge acquisition and organizational resilience. The study utilized both quantitative data (questionnaire) and qualitative data (interview). The Spearman Rank Correlation Coefficient and Multiple Regression Model using the Statistical Package for Social Sciences (SPSS) version 17 were utilized for the analysis of data. Their finding revealed a positive and significant relationship between knowledge acquisition and organizational resilience. Specifically, knowledge acquisition was revealed to have a positive and significant influence on organizational resilience. Based on this finding, it was concluded that knowledge acquisition enhances organizational resilience.

Challenges of Knowledge Management and Business Performance

The term “performance” is an approach to encourage quality productivity and service among individuals and groups in an organization. It is a yardstick to measure good job performance at all levels of an organization.

Literatures by scholars have revealed the challenges faced by performance measurement, such as

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insufficient financial resources for the purpose of performance measurement, poor commitment by management to performance measurement, no reward system for good performance achieved, negligence of training and development practices, highly bureaucratic management systems, poor knowledge management practices etc (Karuhanga & Werner, 2013; Karuhanga, 2010, Ofori & Atiogbe, 2011).

Lack of performance measurement culture in an organization is also an identified problem. Implementation of unclear performance measurement strategy can also affect the process; fear of financial involvement by management can also discourage the effectiveness of the process.

Intellectual Capital and Social Networks

In this contemporary dispensation, knowledge is directed towards the innovation of information technology system. There is an empirical link between both concepts of intellectual capital and social networks. Intellectual capital (information, knowledge, and experience) is vested in the routine operation of the business which has a relationship with technology involvement for acquiring, processing and storing of information for effective routine operation.

Many authors have explained the importance of intellectual capital, comparing it to technological advances developing in the past (Sarrocco, 2011). The role of social network in intellectual capital is the ability to create and innovate dynamic approach to perform effectively through managing information, idea, experience and knowledge. It is avenue to source for creative measures for better performance through public user’s opinion and feedbacks.

The relationship between social network and intellectual capital can also be viewed from four (4) Different perspectives, which are:

Feedback: The ability of targeted feedback given by online users. This feedback can be viewed from the combination of human and technological capabilities from online users by sharing their idea, experiences, knowledge and information. These intellectual resources will be filtered and updated for future action. Social media platforms are the various technological tools that aid knowledge management in the organization. Information and knowledge are not just limited to physical books and literature but its more common in social media. Opinions by other intelligent clients are received, processed and stored for future use. Social media platform like Facebook, YouTube, online blogs, are all mechanisms that facilitate the knowledge management process. They have options like status update where you can just share your view about a particular phenomenon, also they allow the creation of group where companies can showcase their products and services and also update their clients on the recent happenings in the company. Customers and partners can also give reasonable suggestions that will improve the serviceability of the firm through social media. Social media is also a reliable tool for the success of knowledge management, it is a platform were large document can be shared and saved. Discussing among owners of the business and other partners can be effectively done through social media. It’s an informal way of communication that can bring positive results. Social media mechanisms also enable business owners to receive prompt feedback about consumed goods and services, especially for new product. It gives customers the opportunity to air their views about the new product and business owners can effect immediate correction to any negative description of the goods and services. For example telecommunication companies in Nigeria encourage their subscribers to give opinion and complaints on any negative aspect of their services. Feedback is very important for knowledge acquisition and sharing.

Participants Connection: The people that participate on social media are clients, partners, customers, staff and also the public. Through the social network they are connected together and share things in

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common. Clients are able to follow-up their choice of product like market price to avoid middle men exploitation when purchasing the product in the market. Management even go as far as update their participant about their policy and future plan about the business. They share their financial values on line and also their challenges so as to keep their participants abreast with all activities within the organization.

Participant’s connection also allows customers to be familiar with them and share things in common. For example producers of baby diapers, create a forum for pregnant women where they are given tips about pregnancy and safe delivery. They go as far as bringing these pregnant women together so that individual participants can share their pregnancy experience and others can learn and relate it with their own.

Prompt Engagement: This is described as a collaboration that is driven by a change in monitored content or by actions of tracked orders. Today’s social network platforms enable users to the topic and concept they want to be notified of, the discussion or activity they are interested in.

Through prompt engagement, partners and customers can receive update on different subject matters in the social media platform, and are encouraged to reply with their own contribution or criticism about the subject matter at hand. This update can come in form of notification or SMS to their mobile phones or any other electronic gadgets.

The reason for prompt engagement is to encourage immediate response to discussion within the social media platform and this will keep the relationship between the organization and the customers mutual and cordial. As a buyer of a product the seller ensures I receive consistent update about the product and how best it can be used, sometimes they use it as a means to update me on similar products, and I respond by reading the updates so as to take a prompt action.

Developing Knowledge Consolidation: This is a process for consolidating the principle of intellectual capital as a strategic framework in an organization. It is embedded in knowledge creation and innovativeness. It is a process for discovering new relevant knowledge that ensures speedy and consistent knowledge acquisition through social network.

It is the ability to encourage staff and customers to bring in innovative ideas, through social media. It is like giving staff and customers the opportunity to create policy for the business organization. They will be motivated to bring positive suggestion that can improve management policy and strengthen intellectual capital. Through developing knowledge consolidation, new ideas, processes, knowledge and information are acquired from the public.

Organizations also use this principle to redesign their products and processes; they raise pertinent questions that will motivate the public to find empirical answers. It is also a problem solving dynamics through public opinion and empowerment. Clients and customers need the business owners to acknowledge their existence as partners to the success of the business and this process is the best strategy to achieve it. Giving them the opportunity to contribute to the business by asking questions for public response is tagged as motivation. It is like giving out incentives to buyers of products, resulting to future and speedy response for patronage.

Furthermore, developing knowledge consolidation and social network will foster intellectual capital development and improvement because of the high rate knowledge exchange among participants. It is a standing point for innovation, creativity and knowledge-based improvement. It’s a platform for fellowship among creative minds and long-time solution and success is defined.

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Methodology

The study adopted descriptive survey design approach, the population comprised management level personnel in operational banks in Yenagoa. In each of the banks five (5) management level members made up the population. They include Branch managers, Marketing managers, Operational managers, HRM heads and Accountants. This summed up to 20 participants. Since the population was within easy reach, the census approach was used. The descriptive analysis was adopted using simple percentage, and the inferential analysis adopted Spearman Rank Order Correlation Coefficient to establish the relationship between the examined variables. All of this was done using the SPSS software.

Results and Discussions

Correlational outcome relationship between knowledge management and business performance

Correlations				
			Knowledge Management	Business Performance
Spearman's rho	Knowledge management	Correlation Coefficient	1.000	.764
		Sig. (2-tailed)	.	.000
		N	20	20
	Business performance	Correlation Coefficient	.764	1.000
		Sig. (2-tailed)	.000	.
		N	20	20

** . Correlation is significant at the 0.01 level (2-tailed).

From the result in table above, with rho = .764, it shows a positive relationship between knowledge management and business performance. It is also significant @ [p = 0.00 < 0.01]. This implies that the null hypothesis stated above is rejected, meaning that there is a significant relationship between knowledge management and business performance. This result is in conformity with the study of Byukusenge, Munene & Orobia (2016), they examined the mediating effect of innovation in the relationship between knowledge management and business performance of SMEs in Rwanda. Their study results revealed that innovation had a positive effect on business performance. Also, Umoh & Amah (2013), examined the relationship between knowledge acquisition and organizational resilience. The study utilized both quantitative data (questionnaire) and qualitative data (interview). Their finding revealed a positive and significant relationship between knowledge acquisition and organizational resilience.

Conclusion

Conclusively, knowledge management is a dynamic tool for business growth, sustainability and corporate resilience. It is an approach used to simplify business activity by providing resourceful information for effective decision making process. The idea creation mechanism among top staff of organization has been tagged as an innovative characteristic for competitive advantage.

Creation, acquisition, sharing, transfer and storing of knowledge/information are being done electronically through social network, blog, email, etc. Organizational management has used this digital platforms to create and share knowledge among staff and other internal actors but also giving opportunity, with little or more restrictions, to external factors such as customers, distributors, government officials, etc.

The core aim of knowledge management is to use what you know to compete and dominate the business market. For example, the information you have concerning market demands will enable you to produce the exact product needed by customers, the information about what motivates the buyers of your products will give you the insight of the kind of market incentive to implement.

Recommendations

1. Managers and other employees are advised to provide quality knowledge through the internet, emails etc. in order for employees to be more proactive in running the day- to-day activities of the organization.
2. Management in the studied organization are advised to allow employees to engage in knowledge transfer since it gives employees an opportunity to work together in small groups towards the achievement of a common goal.
3. There should be development of content marketing through social media platforms and website for improved awareness and growth of business.
4. Management should endeavour to invest in advanced knowledge management practices to curb future and present challenges affecting knowledge management through social media.

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