# Hierarchical Culture and Knowledge Management Processes: Evidence from Pakistan

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**Abstract:** Organizational culture plays significant role in making knowledge management process more successful. It is evident from different studies that hierarchical culture of the organization negatively affects knowledge management activities. The aim of this study is to find out whether hierarchical culture of the organization affects effectiveness of knowledge management process. This study is based on utilizing four activities of knowledge management and the antecedent of hierarchical culture. The objectives of this research study were to study the antecedents of hierarchical culture and utilize four activities of knowledge conservation to investigate the impact of hierarchical culture on the effectiveness of knowledge management process. Both qualitative and quantitative techniques were used, in order to explore importance and effect of hierarchical culture, knowledge management process and knowledge conservation. A random sample of six private organizations was taken and 200 employees were selected randomly. Through questionnaire analyses, we found that hierarchical culture impact KPM. Practical implications and future research directions are also highlight.

**Keywords:** Hierarchical organizations, Knowledge management, Organizational culture

**Introduction:**

Economic changes have been brought due to the rapid changes in the information and communication technologies. Development in the field of information and communication technologies also advanced the significance of knowledge. Many organizations are working on the management of knowledge to improve the development of the customer services. Knowledge management also improve decision making, improve firm performance and reduce cost of the organization[1], [2] .These organizations improved their routine task and also outsourced their tasks to some other firms in order to compete effectively and efficiently in the global market. Organization also encourages their employee to apply their special knowledge and skill to increase performance of the organization and also their individual performance. When a firm utilize the personal and organizational knowledge of the employees, it makes sure that employees can use and deal with most complicated task more effectively. By using competitive knowledge constantly, a firm can survive, succeed and develop. [3]

Successful implementation of knowledge management is an important thing for organization to introduce and develop a culture which is supportive and is related to sharing new ideas, creating and utilizing critical knowledge. If there is no appropriate culture in the organization, the process of knowledge sharing is very limited and difficult in such enterprises. Employees' role is of vital importance in the organization as they provide their knowledge and skills effectively. As the application of employees' knowledge and skills, an organization can learn and reform constantly. [4], [5]

When organization tries to nourish poor and backward working behaviour of the employees who take active part in knowledge sharing process, then the process of knowledge management will succeed. Nurturing of the culture in the organization is important because it affects the diffusion and form of knowledge. However it is not an easy task to change the culture of the organization. Organizational culture plays significant role in the process of knowledge management, particularly in the areas of developing and creating new knowledge, transfer of knowledge and recycling of knowledge.[6] Various research studies explored the importance of organizational culture as an important component of knowledge management success. However little research has been undertaken to investigate the effect of organizational culture on the process of knowledge management. It is not clear how the sharing knowledge process and other creative actions are impeded by hierarchical culture. [7]

### Conceptual framework:

Various research studies have been undertaken to explore the causes of the failure of knowledge management initiatives. It found that organizational culture is an important factor that impedes success of knowledge management initiatives. [8] According to ref [9] many cultures hinder effective conversion of knowledge sharing process or even making it impossible to succeed further. This conversion process of knowledge sharing may result in the loose of knowledge. This is of great importance to let employees to know and understand culture of the organization and its impact on knowledge management process.  Main objective of this study is to find out effect of organizational culture on the four dimensions of knowledge management process. Secondly, this study will also explore how knowledge management process is affected by the culture of the organization.

### Hierarchical culture:

Ref [10] described two important dimensions in the competing values framework in order to investigate organizational culture. One dimension of organizational culture deals with the process of controlling the innovation activities in the organization. The other dimension of organizational culture represents the degree through which organization focused on the routine and internal activities. Four quadrant of organizational culture are formed as a result of these two dimensions. These are clan, adhocracy, market and hierarchy. Clan is that dimension of organizational culture which denotes friendly workplace environment. In clan, people can share ideas and viewpoints with each other and they are working as members of one family. Adhocracy is a dynamic culture and provide an environment which is more creative. It provides opportunities to people to take active part. Market place is the organizational culture and needs hard work on the part of the employees. Only a hard working and result oriented leader can lead such people. Such leaders are competitor and effective organizer. Hierarchy is the dimension of organizational culture provides formalized and structured procedures. It has been investigated in various studies that the success of organizational management process is largely affected by the culture of the organization. Very few studies have explored the influence of hierarchical culture on the conversion and creation of knowledge and knowledge management process.[11]. **Knowledge conversion**

Knowledge is a continuous process. It is gained by dynamic and continuous process of communication that is going on between unstated and open knowledge. Interaction between explicit knowledge and tacit knowledge is regarded as "knowledge conversion". Knowledge conversion process possess four important modes . These modes are

- Socialization: It is the process through which unstated knowledge is converted to new type of knowledge which is not clear and is ambiguous.
- Externalization: It is the process through unstated knowledge is articulated into open and clear knowledge.
- Combination: It is the third mode of knowledge conversion process. In this mode unambiguous knowledge in converted into more refined form.
- Internalization: It is the process through which more complex and clear knowledge is is articulated into unstated knowledge. [12]

Whole organization uses this process of knowledge conversion and shares the clear and open information and transfers it to unclear or unstated knowledge of the employee. This process s also termed as "learning by doing". The dynamic of this process begins at initial stage where individuals start interaction with other organization members.  Communities interaction with other communities play significant role in the expansion of knowledge conversion as it move on. When process of knowledge conversion is expanded to whole organization, it results in the creation and development of new knowledge. It is evident that organizational knowledge creation is a continuous process. It is a dynamic and self-upgrading process. [2]

### Knowledge Management Processes:

There are three components of knowledge management. The first component is the strategy of knowledge management. Many organizations fail in getting relevant information because such organization cannot identify where to go to get knowledge and get relevant resources and information. These information and resources are must for the development of authentic and result oriented policies in the organization. [13] In the implementation

of knowledge management, the role of top management is of great importance. Generally upper level managers are responsible for considering the working place condition and environment of the organization there by understanding the strength and weaknesses, threats and opportunities that are posed in the conducting of knowledge management activities. The role of external analysis is of very crucial in the analysis of knowledge management strategic aspects. It makes sure that organization has implemented knowledge management program effectively there by achieving sustainable development in the organization. The short comings in this process must be find out and eliminate it abruptly. Strength of the individual must be explored and utilized. [14]

Planning is the second important component of knowledge management. Realizing the internal and external position of the organization, top management of the organization is able to introduce proper rules and regulation to guide and help the organization in implementing knowledge management initiatives.[15] Effective knowledge management give fruitful result by enabling itself to favour the important activities and responsibilities of the management. Knowledge management can be practiced through different ways. The suitability and relevance of method for knowledge management practice depends on particular firm and its objectives and services. Size of the firm, resources availability (whether these are human resources or financial resource) and organizational culture also influence the implementation of knowledge management Initiatives. [16]

The third component of knowledge management process is the implementation of the plan. Without implementation, planning is useless. Implementation phase is most important in planning. According to ref [17], employees are quiet apprehensive about their personal values. They are afraid that they might be negatively affected after sharing their skills and knowledge. There is also a tendency among employees to keep and restrict knowledge in personal computer. They are unwilling to share and disseminate information to other members of the organization. It is essential for top management to address this situation in the organization because this type of situation impedes progress and survival of the organization. It is necessary for upper level manager to be aware about resistance that is likely to be offered by employee for new changes in the organization. Such changes cannot be effective in one day. It requires time to be more effective. [18]

## Methodology:

An important objective of this research is to investigate the influence of hierarchical culture on knowledge management process. This study also highlights some other related factors that provide fruitful result in qualitative research. Survey method was used. For this research study data was collected in two phases. In first phase, a pre-determined interview method was used to find out the opinions of management regarding hierarchical culture, knowledge management process and knowledge conversion. Six companies were randomly selected for this purpose. After interviewing top managers of these companies, a draft of questionnaire was made. In the second phase, a comprehensive questionnaire was developed on the basis of extensive interview. This questionnaire was delivered to other companies. Private organizations that are working in Islamabad are selected as population of this research study. From this population 200 employees were selected as sample of the study. Questionnaires were mailed to the selected sample and it was received back in two weeks.

Data was collected and analyzed through SPSS. There are 30 items in the questionnaire measuring hierarchical culture of the organization, knowledge conversion and knowledge management process.

## Results:

1. For internal consistency of the questionnaire, its reliability was checked through Cronbach Alpha coefficient. The detailed about reliability statistics was given in table 1. A five point Likert scale, ranging from (1) strongly disagree to (5) strongly agree was used.
2. The mean values of the constructs for KMP and knowledge conversion are reported in table 2. Result of table 2 make a strong sense for providing a base to develop effective. Result of table 2 shows that:
   - The research instrument was effective and good instrument for measuring the data of exploratory study because all theoretical test scored higher than 4.845 on five point Likert scale.
   - Socialization mode of knowledge conversion process has lower scored among all factors of knowledge conversion and knowledge management process. The value is 3.815 which indicates the validity of the influence factor in this study. The result of study also revealed that it is very difficult for companies to motivate their employees in order to take active part in the business of the organization.

## Conclusion:

In today business world, the role of organizational culture is very important and significant in the development of knowledge management process. It is one of the important issues in management practices. Its effect is more evident on the managerial actions and the quality of life of in the organization. There many factors that influences the strengths and weaknesses of organizational culture. These factors are leader's approach to management and the type of the organization. [19] , [20]

According to ref [21] culture of the organization is that standard which provides guidance to the development of the behaviour of employees in the organization. The role of organizational culture is of great significance in modern business world. The effect of organizational culture is very strong on basic success of the organization. It also has a sound effect on the customer services, reliability of the product and also quality of the product. The role of organizational culture is also of great importance in the innovation strategies and efficiency of the individuals.

It is very important to know and understand how organizational culture facilitates and influence the process of knowledge management. [22] It is observed in different organization that awareness of upper level management about organizational culture lack deeper understanding of the process and functioning. [23]

Knowledge plays an important role in the sustainable development of the organization and has close link with the organizational culture. According to ref [24],[25] knowledge management role is of vital importance in the management and development of organizational culture. This paper also studied graded or hierarchical culture of the organization. It also threw light on the utilization of knowledge management conversion activities.

This paper explored how hierarchical culture of the organization impact knowledge conversion. Result shows that knowledge conversion has positive effect on knowledge management process. This study also presented a significant relationship among hierarchical culture of the organization, knowledge conversion and process of knowledge management. In finding such relationship, both qualitative and quantitative approaches are applied in this research study. It was found through the analysis of questionnaire that hierarchical culture has significantly influences knowledge management process. Hierarchical culture act as a mediator and it is beneficial to the development and implementation of knowledge management. It is  essential for top managers to model proper behavior in order to develop a supporting culture in the organization and inspire employees. Leader must motivate employees in order that they might create and transfer knowledge.

**Table 1: Reliability Statistics**

| Construct | Items | Cronbach's alpha |
|---|---|---|
| Knowledge conversion | 7 | 0.834 |
| KPM | 6 | 0.921 |
| HOC | 17 | 0.846 |

**Table 2:  Mean of knowledge conversion and KPM**

| Construct | Influence Factors | Mean | Average |
|---|---|---|---|
| Knowledge Conversion | Socialization | 3.815 | 4.845 |
|  | Externalization | 5.165 | 4.903 |
| Combination | Internalization | 5.145 | 5.718 |
| 5.186 |  | 4.845 | 4.845 |
| KPM KM strategy |  | 5.453 | 5.130 |
| The KM plan |  | 5.423 | 5.546 |
| Implementation of the KM plan |  | 5.671 | 5.628 |

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