THE EFFECT OF KNOWLEDGE MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE IN CASE OF COMMERCIAL BANK OF ETHIOPIA

A Thesis Submitted to Addis Ababa University, In Partial Fulfillment of the Requirements for the Award of Masters of Science Degree in Management

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Student's Declaration

I, Sintayehu Daba, hereby declare that the thesis entitled "***The Effect Of Knowledge Management Practices on Organizational Performance In case of Commercial Bank of Ethiopia***" is submitted to department of management at Addis Ababa University; for partial fulfillment of the requirement of Master of Science Degree in Management (MSC) is my original work and all the materials I used in this study have been duly acknowledged**.**

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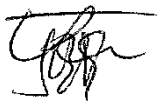
Letter of Certification

This is to certify the thesis entitled "***The Effect of Knowledge Management Practices on Organizational Performance In case of Commercial Bank of Ethiopia***" is bona fide thesis work has carried out by Sintayehu Daba student of Master of Science Degree in Management under my guidance and supervision. Finally, this research paper has been presented for examination with my approval as university appointed me as advisor and supervision.



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We, the undersigned, members of the Advisor and Examiners of the final defense by Sintayehu Daba Feyissa, entitled "***The Effect of Knowledge Management Practices on Organizational Performance In case of Commercial Bank of Ethiopia***" have read and evaluated, his thesis is the bona fide research work and the thesis has not formed the basis for the award previously of any diploma, degree, master, associate ship, fellowship or any other similar title. This is therefore, to certify that the thesis has been accepted in partial fulfillment for the award of the Master of Science Degree in Management; with the regulation of the university and the accepted standards with respect to originality.

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Acronyms

CBE = Commercial Bank of Ethiopia

HR = Human Resource

HCI = Human Capital Institute

KM = Knowledge Management

SPSS = Statistical Package for Social Sciences

KA = Knowledge Application

KT = Knowledge Transfer

KC = Knowledge Conversion

KR = Knowledge Retention

OP = Organization performance

OECD = Organization for Economic Cooperation and Development

RBV = Resource-Based View

ABSTRACT

Today the concept of Knowledge management has attracted most business companies around the world; because human capital is critical element of competitive advantage. Knowledge Management is a science uses to improve business value, organization performance; knowledge application, knowledge transfer, knowledge conversion, and knowledge retention; also help organizations to achieve their purposes. The purpose of this study was to examine the effect of Knowledge Management Practices on Organizational Performance in case of Commercial Bank of Ethiopia. In this study an explanatory research design and quantitative research method were used to meet specific objective of study and to answer research questions. The target populations of this study were employees of Commercial Bank of Ethiopia, Addis Ababa area, specifically those who work in Alem Bank branch; to meet the objective of study, based on census method, 88 respondents were employed for this study. However, after data were collected, through questionnaire, out of 88 respondents workable data were obtained from 80 respondents. Accordingly, those 80 valid responses obtained from respondents were used for data analysis with Statistical Package for Social Science (SPSS) Version 20.0 for both descriptive and inferential analysis. The finding of descriptive analysis portray that, the mean score for overall Knowledge management practice is slightly below the average. From the four components of Knowledge management practices, Knowledge Application (KA) and Knowledge retention are the only items that fall slightly above the averages, whereas, the remaining facets fall slightly below the average. Knowledge Transfer (KT) is the least rated component of Knowledge management, which is followed by Knowledge conversion. The correlation analysis result showed that there is a significant positive strong relationship exists between Knowledge management practices and organization performance. Further, the regression analysis evidenced that Knowledge management practice is predictor of organization performance. The study suggested that an emphasis should be given by institute on all components Knowledge management practices (Knowledge Application (K), Knowledge Transfer Knowledge conversion and Knowledge retention to enhance organization performance. Finally, based on the research findings, conclusion, appropriate recommendations, limitations, and suggestion for future research directions were presents in the study.

Key Words: Knowledge, Knowledge Management, Knowledge Application, Knowledge Transfer, Knowledge Conversion, Knowledge Retention, and Organization performance

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Knowledge management (KM) is hot topic that has just attracted everyone's attention; now considered as one of the most important parts of any organization and a complement to the organization's business activities. With new economy increasingly becoming a more knowledge-based economy, knowledge is becoming the most important asset for organizational success among other assets such as capital, materials, machineries, and properties (Kelleher & Levene, 2001; Fong & Wong, 2005).

Knowledge is increasingly recognized as the most important economic resource, surpassing the traditional resources of capital, labour and land (Drucker 1992). The value of knowledge in enhancing operational efficiency and effectiveness in organizations can no longer be denied (Choo 1995; Delong 2004; Delong 2005; Edvardsson 2003; Musana 2006; Ross and Ross 1997:413). However, most organizations are faced with the problem of knowledge loss. Therefore, proactive responses such as knowledge retention have to be implemented to retain both tacit and explicit knowledge (Delong 2002; 2004).

To enhance organizational performance, it has become more important than ever for businesses to manage and share knowledge. Effective knowledge management will be one of the key components required for businesses to win (Wu, 2009). Whether good knowledge management and the accumulation of intellectual capital can enhance organizational performance, improve the value of a business, and ensure continuous growth to enhance the potential of sustainable business development (Chen, 2012) is one of the most important topics at the moment worthy of exploration.

A key ingredient of the theory of the firm is its attempt to explain performance heterogeneity among firms, an issue that has been in the focus of strategic management research over the years (Hughes & Morgan, 2007). The resource-based view (RBV) holds that companies gain sustainable competitive advantages by deploying valuable resources and capabilities that are inelastic in supply (Grunert & Hildebrandt, 2004). Knowledge has increasingly been recognized as the new strategic imperative of

organizations. A fundamental paradigm considers knowledge as power; therefore, one has to hoard it so as to maintain an advantage (Uriarte, 2008).

Knowledge Management (KM) is the new era technological application of knowledge in critical planning, appraisal, decision making, evaluation and redesign of firm's operative systems (Kipchumba, Chepkuto, Nyaoga & Magutu, 2010). It is obvious that knowledge is slowly becoming the most important factor of production, next to labor, land and capital (Sher & Lee, 2004). Knowledge-based assets or resources such as patents provide heterogeneous capabilities that give each company its unique character and are the essence of competitive advantage (Liu & Wei, 2009). KM represents a deliberate and systematic approach to ensure full utilization of organization's knowledge base, coupled with the potential of individual skills, competences, thoughts, innovations and ideas to create a more efficient and effective organization (Dalkir, 2005).

In Ethiopia, even if they increase cost of training to get qualified workers; but most of company ineffective by knowledge management practice like knowledge retention, application, transfer and knowledge conversion Ijigu (2015).

The formal educational system does not adequately teach specific job skills for a position in a particular organization; by this reason CBE has training center in different places that support employees to get the required skills, knowledge, abilities and competencies needed to work effectively. However, concern to the challenges stemming from the global, Commercial Bank of Ethiopia has been criticized various performance gaps that could be resulting from challenges related to implementation of knowledge management practice such as knowledge retention, application, transfer and knowledge conversion. Based on data evidenced from CBE, HR policy (Feb, 04, 2017), while the institute introduce major component of HRM, the researcher facet that, the organization does not has ground strategy how to practice knowledge management. Moreover, there are very few empirical studies or no studies that actually examined effect of knowledge management practice on organizational performance in CBE, for this reason study were examined, based on empirical research, the link between knowledge management practice and organizational performance specifically in Commercial Bank of Ethiopia.

1.2 Statement of the Problem

Today the environment for most organizations is global, complex, dynamic, highly competitive, and extremely volatile, and is likely to remain so for years to come (Tarique & Schuler 2010). Loss of knowledge can result in duplicating work, expensive search for expertise and knowledge and employees not learning from the experienced. When senior employees leave without handing over guidance or organized procedures, the job performance of successors often does not equal that of the retiree or transferee (Peterson 2012).

In Africa, knowledge shortage is being experienced and this has impact in every organization and that this comes from the fact that the skills set possessed by available workers may not match with the advanced. Also knowledge Management in African context whether building organizations, communities or nations, having the right people with the right skills in the right place at the right time and doing the right things has always been an enduring challenge. Varieties of management systems have been developed to address this challenge. Accordance of various studies were exploration in Africa they are poor understood for knowledge management practice especial how can companies knowledge retention, application, transfer and knowledge conversion (Ghebregiorgis and Karsten, 2006 (Eritrea); Onyema, 2014; Ihionkhan and Aigbomian, 2014 (Nigeria); Ijigu, 2015 (Ethiopia); Singh, 2014 (South Africa) and Jain (Botswana).

Also in our country Ethiopia, we are experienced within knowledge management practice problems; at these times many organization fail to engage in the activities that enhance their knowledge pipelines, equip individuals with critical knowledge and skills, and deny employee an opportunity to enhance teamwork or be engaged to their jobs. The logic behind knowledge management practice involves knowledge retention, application, transfer and knowledge conversion; positioning the right people in the right jobs to achieve organization goals and objectives through high organization performance is also very important. As noted by Rono (2011), KM is indispensable in the banking industry because competition and most of the work in the industry are knowledge-based. The dynamic nature of the global business environment have led commercial banks to rationalize their products and processes as well as examine the role of KM in improvement of performance. Commercial Bank of Ethiopia is knowledge based organization since it has vision to become a World-class Commercial Bank by the year 2025. In addition to these, the knowledge management practice and its

outcome were not examined in Commercial Bank of Ethiopia. The gap stated above provided the main motivation for this study. The main focus was how to fill the gaps observed more closely within knowledge retention, application, transfer, and knowledge conversion order to enhance over all of organizational performance. Finally, the researcher was recommended what the organization should ensure that they are better positioned to meet the problems of knowledge shortage in the company. Moreover this study is important, therefore, the need to conduct this research lies on the extent of the knowledge management on organization performance is indispensable.

1.3 Research Questions

This study tries to seek answers for the following research questions:

- How is the Knowledge management practiced at CBE?
- Is there relationship between knowledge management practice and organization performance?
- To what extent knowledge management practice affect organizational performance?
- What is the effect of Knowledge Management practice (Application, Transfer, Conversion and Retention) on Organizational Performance in CBE?

1.4. Objectives of the study

The general objective of this study is to examine the practice of knowledge management and its effect on organization performance.

1.4.1. The Specific Objectives

- To assess the Knowledge management practice of Commercial Bank of Ethiopia.
- To determine the relationship between knowledge management practice and organization performance in CBE.
- To examine the effect of knowledge management practice on organization performance in CBE.
- To determine the effect of Knowledge Management (Application, Transfer, Conversion and Retention) on organizational performance

1.5 Significance of the Study

The concept of knowledge management practice and its effect was not yet researched in the country context, therefore, this research will be the great benefit to academicians and help the researchers as reference/ like to pursue the subject further given the exceptional dearth of local data for who seek to examine relationship between knowledge managements and organizational performance. The result of this study will encourage organizations to invest in human resource knowledge management practices thus increasing their performance and consequently their revenues. In addition to business service institutions; the public sector will also benefit by understanding how they can as well manage their workforce better and increase their performance and commitment by adopting these knowledge management practices.

Furthermore, the study would be contributing clear understanding for the researcher in terms general body of knowledge in the broad area of knowledge management practice and organizational performance. The findings of this research would help Commercial Bank of Ethiopia and other financial service providers to understand what knowledge management is and how to achieve high organization performance. Finally; this study would add knowledge on the importance of using knowledge management practice such as knowledge retention, application, transfer and knowledge conversion, and the best human resource potential will enable the organizations understand how they can more effectively achieve long-term competitive advantage.

1.6 Scope of the study

To make the study manageable, this research only focused on Commercial Bank of Ethiopia's knowledge management practice as (independent variable) and its effect on organization performance as (dependent variables); from the component of knowledge management practice, the variables like knowledge retention, application, transfer and knowledge conversion as its main variables were employed for this study. The reason why the researcher is limited to the four above knowledge management practice components; directly or indirectly those variables composed of others. Based on census method, the study targeted to 88 employees of Commercial Bank of Ethiopia who works at Alem Bank branch. The reason why the research is employed to Alem Bank branch is when we compare with another operation Alem Bank is very huge branch and has been giving highly transaction services,

can represent all branches and the researcher could gather full data from this branch. Different processes in the bank have their own effect on the performance. However, the scope of this study is solely focused on the effect of knowledge management practice on the overall organizational performance of the bank.

1.7 Definitions of Terms

⇔ **Knowledge:-**Knowledge is information combined with experience, context, interpretation, and reflection. It is a high-value form of information that is ready to apply to decisions and actions." (Davenport *et al*. (1998).

⇔ **Knowledge Acquisition**

Knowledge Acquisition refers to the ability of an organization to identify, access and collect the internal and external knowledge which is necessary for its activities (Gold et al, 2001; Zahra and George, 2002).

⇔ **Knowledge Transfer**

Knowledge transfer seeks to organize and distribute knowledge in order to ensure its availability for both present and future use (Bhatt, 2001).

⇔ **Knowledge Conversion**

Knowledge conversion is a social process where individuals with different knowledge interact and thereby create new knowledge which grows the quality and quantity of both tacit and explicit knowledge (Sa´nchez & Palacios, 2008).

⇔ **Knowledge management**

Knowledge management is the methodology of information creation, endorsement, presentation, spread and appraisal (Bhatt, 2001).

⇔ **Knowledge retention**

Knowledge retention aims at retaining as much of the departing employees' expertise and knowledge as possible; it is the capture of critical knowledge and expertise that is at risk of loss when employees leave an organization (Kim 2005; Dan 2008).

⇔ **Organizational performance**

OP is an indicator which measures how well an enterprise achieves their objectives (Venkatraman and Ramanujam, 1986; Hamon, 2003).

1.8. Organization of Study

This study has five chapters; the first chapter deals the introduction part of background of the study, statement of problem, basic research questions, objective of the study, justification of the study, significance of the study, scope of the study, definition of key terms and organization study. Chapter two reviews existing literature on knowledge management, thus, the practice, methods importance and how it improves organization performance. Chapter three discusses the methodology used to accomplish the study. Chapter four describe and discussed research findings and analysis of data that were collects. Finally chapter five looks at the summary of findings, recommendations and conclusion of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Definition of Knowledge

Knowledge can be defined as the facts, skills and understanding that one has gained, especially through learning or experience, which enhance one's ability of evaluating context, making decisions and taking actions (Awad & Ghaziri, 2004; Tserng & Lin, 2004). Because knowledge combines information with experiences, by using KM organizations can provide their people with the ability to find and use methods and procedures that were created or used by others previously to solve similar problems, and to learn from past experiences, while maintaining the new created experiences to be used in the future (Tiwana, 1999; Davenport & Prusak, 1998; Baker et al., 1997).

Data implies crude clarifications about current, earlier period or upcoming period. Information means outlines which people find from information (Davenport and Prusak, 1997), though learning is generation of human experience on the premise of a foundation. Knowledge is the result of deriving realities in light of a man's own skill and influenced by the conduct of its proprietor. Information is constantly controlled by an individual or an analyzing so as to gather which can be distinguished an action or process (Blackler, 1995).

2.1.2 Definition of Knowledge management

Knowledge management is the methodology of information creation, endorsement, presentation, spread and appraisal (Bhatt, 2001). It is an arrangement of philosophy, systems and specific and administrative gadgets, laid out towards making, granting, utilizing information and data inside and around an association (Bounfour, 2003). Information Management is an exact and integrative system of encouraging association wide activities of securing, making, chronicling, offering, diffusing, making and passing on learning by individuals and totals in chase for major authoritative goals (Rastogi, 2000). Management of knowledge is called as Knowledge-based management. Management of knowledge is about connecting people to people and people to information so that favorable position on opponents can be picked up. Knowledge management is more a human resource

administration rather than engineering based field. It is not about how capable and condition of the specialty advancement may be used to improve efficiency of the learning. It is to some degree a movement about how people may be enlivened and motivate opportunities to best utilize their insight, comprehension and creativity by using condition of the specialty building and diverse resources for better results (I NONAKA, 2007). Learning has some fundamental parts of extensiveness, codifiability and varying character (Turner and Makhija, 2006). Since every one firm has an extraordinary mixing of the three viewpoints, everyone can have its own specific intriguing point of convergence of learning. Along these lines it is astoundingly fundamental how a firm regulates its particular information. Information use proficiencies of a firm mirror its practicality to make utilization of gained learning as inventive and enhanced items (Jantunen, 2005).

Knowledge management (KM) has generated a lot of interests in corporate sectors in the last decade and knowledge drastic businesses are playing meaningful role in the economy (Girard & McIntyre, 2010). Knowledge based organizations begun to practice their activities in the mid-nineties (Liao, Chang, Hu, & Yueh, 2012) when the Organization for Economic Cooperation and Development (OECD) first proposed the concept of a knowledge-based economy in 1996 and in the beginning of twenty-first century industries changes their technology significantly with increasing specialization and individualization (Casey, 2006). Currently, knowledge management or knowledge-based organizations are characterized by factors such as increased competitiveness, technological innovation and the global nature of markets (Lindner & Wald, 2011). Knowledge management is very much important especially in case of organizational change in different perspective where internal and external factors are directly involved. For the economic diversification environment adaptations of learning and development within and/or with competitors are new challenges which are indiscriminate challenge faced by the organization (Franco & Almeida, 2011).

2.1.3 Knowledge transfer

Knowledge transfer has been defined as an activity that facilitates knowledge flows in organizations (Bou-Llusar and Segarra-Cipres 2006). Knowledge transfer is a tool for problem solving and operational enhancement (McCall 2006). Such knowledge flows may involve interactions of individuals or making reference to codified knowledge (Lochhead and Stephens 2004). Knowledge transfer practices include succession planning, communities of

practice, knowledge repositories, mentoring, coaching, phased retirement, job rotation, storytelling and orientation (Butler and Roch-Tarry 2002; Gale 2007; Ohio Environmental Protection Agency 2006; Stovel and Bontis 2002). Knowledge transfer refers to how knowledge flows in organizations, departments or indeed sections and units Knowledge sharing is the willful application and transfer from one (or more) person's ideas, insights, solutions, experiences (knowledge) to another individual either via an intermediary such as a computer-based system or directly (Turban, McLean and Wetherbe 2004; Bouthiller and Shearer 2002). This sharing is essential when employees arrive and others quit. Those quitting could be retirees, who have accumulated years of experience and knowledge that new employees need to utilize in work situations. Studies have shown that much of the organizational knowledge is tacit (rather than explicit) in nature and for organizations to retain the knowledge and benefit; there should be willingness on the part of employees who possess it to share (Hislop 2003; Katsirikou 2003; Jacobs and Roodt 2007). The knowledge that could be shared among learning institutions members include best practices; knowledge found in research articles, abstracts, and non-academic articles; and knowledge on how to manage their asset to change to good performance. Knowledge shared by individuals and by a community of practice becomes organizational knowledge (Peterson 2012:68). With their connectivity and interactivity, individuals and groups create knowledge through knowledge sharing. This knowledge is retained in the organizational processes. Knowledge can be shared through storytelling, job rotation, forming communities of practice and through the intranets. Knowledge transfer has been defined as an activity that facilitates knowledge flows in organizations (Bou-Llusar and Segarra-Cipres 2006). They continue to argue that knowledge transfer refers to exchange of knowledge between units within a firm (internal transfer) or between different firms (external transfer). Knowledge transfer is a tool for problem solving and operational enhancement (McCall 2006).

2.1.4 Knowledge Conversion

Knowledge management procedures identified with conversion of knowledge are those which bring about making existing learning helpful. Procedures related to conversion of knowledge incorporate an organization's ability to solidify (Davenport et al., 1998), assimilate (Grant, 1996), join, structure, coordinate (Sanchez and Mahoney, 1996) and convey learning (Zander and Kogut, 1995). Information accomplished from diverse assets inside and outside the

association is ineffective in the event that it is not converted into a gainful practicable structure. It will upgrade yield and business forms (Smith, Mills, and Dion, 2010).

Holtham & Courtney (1998) divided the channels for knowledge conversions into: (1) formal and informal channels; (2) personal and impersonal channels. While the formal channels of knowledge conversion include training programs and plant tours, the informal channels include irregular meetings, informal seminars and conversations during recess. The personal channels refer to apprenticeships and one-on-one instructions, with knowledge base being the impersonal channel

2.1.5 Knowledge Application

Knowledge application procedures are those expected for genuine utilization of learning. No much information is in hand about consequences of learning application in the literature. It is a presumption about information application and no unequivocal confirmation. It is expected that if an association has the ability to make learning it will be connected viably (Ikujirō Nonaka and Takeuchi, 1995). Learning application qualities are capacity, recovery, application, commitment and sharing (Almeida, 1996).It is a pivotal part of administration of information. The value of individual information and knowledge management controlled by an association exists on Ahmed, Fiaz, Shoaib the variable that how successfully it is connected. Learning use encourages associations continually to change their authoritative capability into material yields (Zaim, Tatoglu, and Zaim, 2007).

This process involves the usage of knowledge in adjusting the strategic direction, solving the problems, making decision, improving the efficiency and reducing costs (Markus et al., 2002; Orlikowski, 2002). The individual can make use of the knowledge possessed by other individuals without actually learning that knowledge (Hegazy & Ghorab, 2014). However, according to Ipe (Ipe, 2003) and Landroguez (Landroguez et al., 2011), if the organizations want to capitalize the knowledge, they should know how the knowledge is created, disseminated and used as these processes are the basic for an effective organizational knowledge management.

2.1.6 Resource-Based View of the Firm

According to the resource-based view (RBV), a firm may be perceived 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 & 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 be successful in obtaining and managing 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 & McNamara, 2012).

Resources are financial, physical, social or human, technological, and organizational factors that allow a company to create value for its customers. Company resources are either tangible or intangible (Jones & Hill, 2009). Intangible resources are non- physical entities that are creation of managers and other employees, such as brand names, the reputation of the company, the knowledge that employees have gained through experience, and 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 soc complex dimension, are responsible for creating and sustaining competitive advantage (Makhija, 2003). RBV assumes resource heterogeneity between competing firms, and further contends that these resources are not mobile, which makes long term, sustainable competitive advantage possible based on internal configuration of strategically relevant resources (Grunert & Hildebrandt, 2004). In case a resource is firm-specific and difficult to imitate, 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 competitive advantage. A resource that leads to distinctive competences is inimitable, valuable, unique, and non-substitutable (Jones & Hill, 2009).

A company may have firm-specific and valuable resources, but unless it has the capabilities to use those resources effectively, it may not be able to create a distinctive competence (Jones & Hill, 2009). Capabilities refer to a company's skills at coordinating and putting resources to productive use. It has been argued that these skills reside in an organization's rules,

routines, and procedures-that is, the style or manner through which a company makes decisions and manages its internal processes to achieve organizational objectives. A company's capabilities are a product of its organization structure, processes, and control systems which are used to specify how and where decisions are made within a company, the kind of behaviors that should be rewarded, and the company's cultural norms and values.

Distinctive competencies shape the strategies that are pursued by a company. Moreover, strategies help in building superior efficiency, quality, innovation, or customer responsiveness resulting in competitive advantage and superior profitability. However, it is also important to realize that the strategies that are adopted by a company can build new resources and capabilities as well as strengthen the existing resources and capabilities of the company, thereby enhancing distinctive competences of the enterprise. In this case, the relationship between distinctive competencies and strategies is not a linear one; rather, it is a reciprocal one in which distinctive competencies shape strategies, and strategies help to build and create distinctive competences (Kim & Mauborgne, 2005).

2.1.7 Organizational Learning Theory

A learning organization is the term given to an organization or a firm that facilitates the learning of its members and continuously transforms itself. Learning organizations develop as a result of the pressures facing modern organizations and enables them to remain competitive in the business environment. A learning organization has five main features; systems thinking, personal mastery, mental models, shared vision and team learning. The learning organization concept encourages organizations to shift to a more interconnected way of thinking. Organizations should become more like communities that employees can feel a commitment to and therefore will work harder (Serenko, Bontis & Hardie, 2007). Organizational learning theory argues that, in order to be competitive in a changing environment, organizations must change their goals and actions to reach those goals (Janz & Prasarnphanich, 2003). However, for learning to occur, the firm must make a conscious decision to change actions in response to a change in circumstances, consciously link action to outcome, and remember the outcome. Organizational learning has many similarities to psychology and cognitive research because the initial learning takes place at the individual level: however, it does not become organizational learning until the information is shared, stored in organizational memory in such a way that it may be transmitted and accessed, and used for organizational goals (Cha, Pingry & Thatcher, 2008).

The first part of the learning process involves data acquisition. A firm acquires a "memory" of valid action-outcome links, the environmental conditions under which they are valid, the probabilities of the outcomes, and the uncertainty around that probability. The action-outcome links are acquired through experiential, experimental, benchmarking, grafting, among others, but they must be a conscious effort to discover, confirm, or utilize knowledge.

Ultimately, successful firms scan their environment to determine when change is necessary: this, of course, presupposes that they have learned the important indicators to scan and have learned what degree of change in environmental indicator does or does not require change in actions (Hult, Tomas, Hurly, Giunipero & Nichols, 2000).

The second part of the process is interpretation. Organizations continually compare actual to expected results to update or add to their "memory". Unexpected results must be assessed for causation, actions adapted or new action-outcome links specified if necessary, and learning increased. This stage does not imply that any action is taken. Some theorists insist that there must be action for learning to occur, but others argue that what matters is expansion of the knowledge base or change in understanding. Consequently, the third stage is adaptation/action. The firm uses the interpreted knowledge to select new action-outcome links appropriate to the new environmental conditions. Once adaptation has occurred, the firm's knowledge base is updated to include the new action-outcome link, probabilities, uncertainty, and applicable conditions and the process continues. This feedback is a continual and iterative process, and occurs at all stages of the process (Serenko *et al*., 2007*)* Organizations (Debowski, 2006) have experienced many changes in the ways they operate as a result of the shift to a knowledge economy and the increased streamlining of work activities because of technological innovations. Furthermore, the shift in focus from products to services has encouraged greater recognition of the importance of the knowledge held within an organization. Any organization that desires to attain and sustain competitive advantage has to learn better and faster from their successes and failures.

Knowledge acquisition refers to the practices used by an organization to process knowledge (Delong 2005; Man 2006). Knowledge acquisition practices include recruitment, training and development, brainstorming, expert systems, subject matter experts and after action reviews (McCall 2006; Soo, Midgrey and Devinney 2002; Tsai and Lee 2006). In this study, knowledge acquisition refers to mechanisms that enable an organization to possess

knowledge. It looks at how tacit or explicit knowledge is made available within the organization

2.1.8 Knowledge Retention

Knowledge retention (KR) has become important in organizations, especially with the increasing reliance on knowledge to grow economies. Knowledge is increasingly recognized as the most important economic resource, surpassing the traditional resources of capital, labor and land (Drucker 1992). The value of knowledge in enhancing operational efficiency and effectiveness in organizations can no longer be denied (Choo 1995; Delong 2004; Delong 2005; Edvardsson 2003; Musana 2006; Ross and Ross 1997:413). However, most organizations are faced with the problem of knowledge loss. Therefore, proactive responses such as knowledge retention have to be implemented to retain both tacit and explicit knowledge (Delong 2002; 2004).

Knowledge retention is the capture of critical knowledge and expertise that is at risk of loss when employees leave an organization (Kim 2005; Dan 2008). Knowledge retention aims at retaining as much of the departing employees' expertise and knowledge as possible. It is a managerial practice to ensure that knowledge is captured and retained before experts walk out of the organizations through various forms of attrition. Appropriate strategies and approaches must be developed to capture the employees' expertise and retaining it as organizational knowledge. Levy (2011) states that through knowledge retention, an expert's most valuable knowledge has to become an organizational asset. Based on these facts, knowledge retention can be defined as those activities directed at retaining valuable knowledge necessary for the operations of an organization to help it sustain its operations effectively and efficiently.

Some of the organizations such as institutions of higher learning which have realized the importance of knowledge for their businesses have institutionalized processes to capture and retain employee knowledge (Thomas 2009). In order to ensure knowledge retention organizations make use of interviews, videotaping, structured use of subject matter experts, repositories, mentoring and apprenticeship, knowledge maps, recruiting strategies, storytelling, leveraging retirees' in-house training functions, and sharing knowledge (Peterson 2012).

2.1.9 Organizational Performance

Organizational Performance is an indicator which measures how well an enterprise achieves their objectives (Venkatraman and Ramanujam, 1986; Hamon, 2003). OP can be assessed by an organization's efficiency and effectiveness of goal achievement (Robbins and Coulter, 2002). Andersen (2006) states that the concept of effectiveness is a ratio, implying that two entities are required when defining and measuring effectiveness (e.g. return on assets). He also argues that when effectiveness is conceptualized as a degree of goal attainment, that is, the achievement of profitability goals. Schermerhorn et al. (2002) point out that performance refers to the quality and quantity of individual or group work achievement. Recently, OP, effectiveness and efficiency are synonyms which are interchangeable (Hancott, 2005). Hancott further points out that, a number of indicators have been adopted to measure OP since mid-1900, such as profit growth rate, net or total assets growth rate, return on sales, shareholder return, growth in market share, number of new products, return on net assets, etc. In 1990, return on net assets and return on capital have been applied in performance measurement as well. A number of studies have applied different ways to measure OP (Schiumaand Lerro, 2008; Garnett et al., 2008; Green and Inman, 2007; Chung and Lo, 2007). In particular, Steer (1975) reviews 17 organizational effectiveness models, integrates these measurements of OP from various studies, and generalizes these measurements into three dimensions: financial performance, business performance and organization effectiveness. In addition, Delaney and Huselid (1996) suggest two ways to assess OP: OP and market performance

2.2 Empirical Review

2.2.1 Knowledge Management and Organizational Performance

Performance within the organization is a persistent subject in the majority of management branches and there is apprehension toward both instructive persons and additionally rehearsing supervisors. Performance idea has been usually perceived; however considering performance in examination setting is a testing problem confronted by specialists. It can be stated as money related efficiency, operational efficiency and productivity of an organization (Venkatraman and Ramanujam, 1986). Performance can be characterized as: "A measure of the accomplishment of organizations objectives"(Daft, 2012). Performance of an organization, from conventional perspective is typically alluded to as:" Financial performance

where spending plans, resources, operations, items, administrations, markets and HR are serious to impact the general primary concern of an association" (Dixon,1999). Monetary results of organizational efficiency are ordinarily connected to authoritative accomplishment (Thurbin, 1994). The idea of efficiency has more extensive measurements of clarifications by accentuation on knowledge gained by a firm and efficiency results connected with it, so there is a necessary to carefully manage it (Yeo, 2003). Another perspective about efficiency is that it is the reason of advantage on contenders and it can be market efficiency as business sector situating. While business sector situating is the aggregate arrangement of learning concentrated exercises which incorporates a sorted out accumulation of present and planned data identified with clients and contenders ,composed examination of data for advancement of business sector information so it can be utilized for formulation of strategy ,usage and adjustment (Hunt and Morgan, 1995). Another perspective has concentrated on HR and determined the significance of the HR commitment in performance, which incorporates all around sorted out brought together human capital resource base, capacity to learn, distinguishing proof and responsibility of a gathering, client and shareholder contentment(Rogers, 2001).

2.2.2 Effect of Knowledge Application on Organization Performance

KM can be identified as the management of knowledge flows between individuals within an organization through the processes of knowledge identification, use, creation, sharing and storing (Heisig, 2009). According Momeni, Monavarian, Shaabani, and Ghasemi (2011), KM process capabilities refers to a higher-order construct which represents knowledge acquisition, knowledge conversion, knowledge application and knowledge protection. The study focused on integrative and marketing competencies as the most critical dimensions of core competences. The argument made by Mohrman et al., (2003), suggested that organization's performance is improved when organizations create and use knowledge.

Knowledge application 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 & Koskinen, 2008). Companies benefit not from the existence of knowledge but from its proper application (Alavi & Leidner,2001; Gasik, 2011). 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 & Haney, 2008). Yosuff 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 generalized 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 & Leidner 2001; Gunasekaran & Ngai, 2007). Glisby and Holden (2005) observed that organizations achieve breakthrough by applying KM concepts to supply chains.

2.2.3 Effect of Knowledge Conversion on organization Performance

Knowledge conversion is a social process where individuals with different knowledge interact and thereby create new knowledge which grows the quality and quantity of both tacit and explicit knowledge (Sa´nchez & Palacios, 2008). The purpose of enterprises implementing KM is to improve and enhance corporate performance (Gottschalk, 2007). A process model of knowledge creation presupposes that individual and organizations create and enlarge knowledge through conversion of tacit knowledge into explicit knowledge and vice versa. Through knowledge conversion, the whole organization can share the explicit knowledge created and convert it into tacit knowledge for individuals Tseng (2010). Knowledge that is captured from various sources needs to be converted to organizational knowledge for effective utilization within the business (Lee and Suh, 2003) Maryam, Rosmini and Wan (2010) revealed that informal training is the main source of communication for sharing knowledge. Proper integration of business intelligence and KM helps in managing explicit information and thereby transforming the information to knowledge which in turn can help bank in making better decisions and place them in a better position in contemporary business competitive environment (Rao and Kumar, 2011). Moreover, this integration facilitates the capturing, coding, retrieval and sharing of knowledge across the bank to gain strategic advantage and sustain a competitive market.

Fattahiyan, Hoveida, Siadat and Talebi (2013) revealed that organizational structure, knowledge acquisition, knowledge application and knowledge protection affect organizational performance. Nevertheless, the study concluded that organizational culture and knowledge conversion have no significant effect on performance. These results are inconsistent to the extent that not all knowledge resources are found to contribute to performance.

Tseng (2010) utilizing knowledge externalization, knowledge combination, knowledge internalization and knowledge socialization to measure knowledge conversion, revealed that knowledge socialization has no effect on corporate performance. However, in its composite nature, knowledge conversion positively influences corporate performance. This study adopted multiple regression analysis for model specification. Nevertheless, the findings of this study were based on a low response rate of 20.15 percent with only 135 out 650 filling-in and returning the questionnaire which is not adequate for making generalization and drawing conclusions as recommended by Mugenda and Mugenda (2003).

2.2.4 Effect of Knowledge Transfer on organizational Performance

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. Key cultural factors in the knowledge sharing process are 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 for mistakes (Davenport & Prusak, 1998; Tseng, 2010). 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.

2.2.5 Effect of knowledge Retention on organizational Performance

According to Desai (2016), retention of employees who are strong performers, have high potential or are in critical jobs is even more important during economic recoveries when organizations compete aggressively for market share and knowledge. Knowledge is something which is stored in the heads of individuals working within an organization.

Managing such knowledge is a difficult task. However, organizations are able to manage knowledge from their employees and are able to strategize this knowledge for enhancement of organization performance and in turn the organizational performance. One key aspect of knowledge management is knowledge retention. Retaining knowledge and knowledgeable employees in organizations is the need of the hour for every business firm. Biotechnology is an industry which is completely dependent on creation of new knowledge and applying the knowledge for betterment of mankind.

Therefore it is advisable that every organization should maintain its best performers especially in today's competitive economic area where competitors are observed to poach employees from each other (Hall, 2005). Commercial banks have similar resources but one thing that differentiates a bank from its competitors is its talents. Banks are being outpaced by rivals particularly in times of varying economic stability. Knowledge management has become a pivotal issue in today's turbulently dynamic and competitive business environment. Commercial banks often spend huge sum, carefully training and developing employees but do little or nothing to retaining the quality workforce that have been groomed and seasoned by the organization and this has become an emerging priority(Morton,2005),as cited in(Lockwood,2006). The ability to effectively manage top knowledge in commercial banks is therefore central to organization performance and seems to form a strong association with employee commitment. As senior managers struggle to find knowledge pool, they are equally faced with the dilemma of how to retain knowledgeable workers and replace the aging workforce who will be retiring (Frank, Finnegan, & Taylor, 2004). Mokaya (2014) explains that when an organization cannot retain its employees, such action leads to high costs associated with employee turnover including additional burden on the remaining staff, recruitment and training costs. Also Bryant and Allen (2013) note that the costs associated with losing employees, recruiting, selecting and training new employees often exceed 100% of the annual compensation for the position. The term employees' retention is referred to be the ability of an organization to retain its employees within the organization in the long run. It can be measured in simple statistics like percentage and considered as the outcome or in terms of efforts made by employer to keep employees within the organization in this sense it is considered to be the strategy. In addition to these direct financial costs, the authors add that losing employees can also lead to work disruptions, loss of organizational memory along with tacit or strategic knowledge, losses in productivity or customer service, loss of mentors,

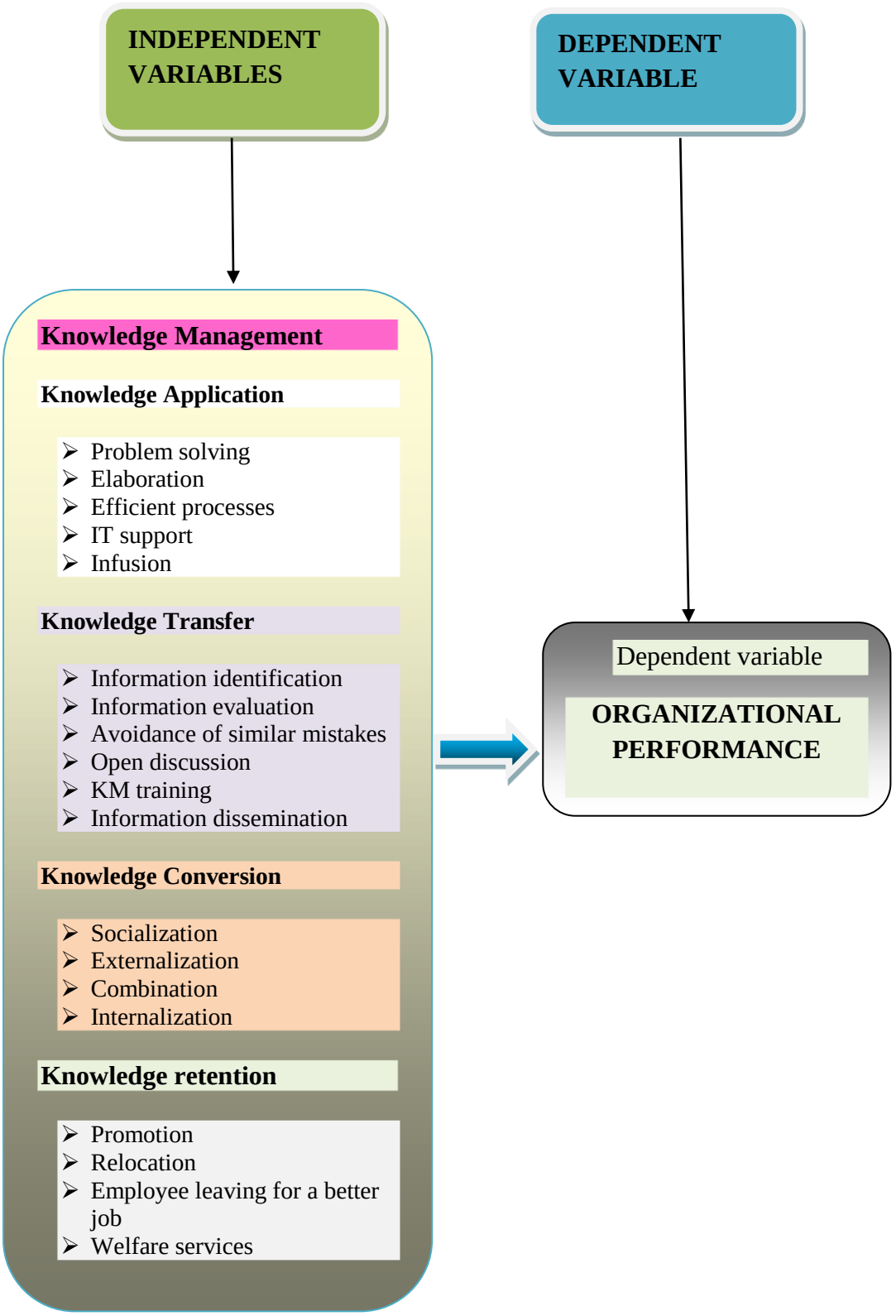
diminished diversity and even turnover contagion where other valued employees follow the leavers out the door.

Finally, it is important that all organization should adopt Human Resource management (HRM) strategies that make the best use of employees and retain knowledge. Retention of employees is very important because if the knowledge employees of the organization leave the organization in large numbers it directly affects the cumulative performance of the employees as well as the profitability of the organization

2.3 Conceptual Frameworks

The conceptual framework describes the relationship between the independent and the dependent variables. Also the conceptual framework here under illustrates the perceived link between the independent variable that's knowledge management practice and the dependent variable is the organizational performance. An independent variable is the presumed cause of changes in the dependent variable (Kothari, 2004). The independent variable knowledge management practice knowledge retention, application, and transfer and knowledge conversion as components that make it up (Armstrong, 2011).

Figure 2.1: Conceptual framework



Source: Own conceptual framework, that's employed for this study, 2019

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The formidable problem that follows the task of defining the research problem is the preparation of the design of the research project, popularly known as the "research design". Decisions regarding what, where, when, how much, by what means concerning an inquiry or a research study constitute a research design. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004) p31.

Explanatory research design employed for this study; because it emphasizes on discovering relationship between knowledge management practice and organization performance. Also quantitative research method approach is employed for this study. According Kothari (2004) quantitative research is research concerned with the measurement of attitudes. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. Quantitative research method approach is about data analyzed in terms of numbers; involves the collection of numerical data; Predicts and explains data in the form of statistical analysis; uses the numerical method to analysis and interpret the results; finds out the relationship among quantifiable variables and the results are inferred.

3.2 Target Population

Depend on data gathering from Commercial Bank of Ethiopia human resource department; Alem Bank branch includes 88 employees who are selected as target population for this study. Therefore, the target population for this study is CBE Alem Bank branch's employees.

3.3 Census Method

According to Cooper and Shindler (2014) the use of a census in the study helped reduce error making it easier to obtain high quality information from respondent. Also Saunders and Thornhill (2014) a census is used when every member of the population is considered a respondent. Therefore this research applied a census technique to get an accurate result due to the number of the target population. Each individual who work in Commercial Bank of Ethiopia Alem Bank branch 88 employees were participated in the study.

3.4 Data types and sources

a) Primary data

Primary data was collect by using questionnaires. The questionnaires included closed ended in line with the objectives of the study. The choice of the method was on the premise that data collected using a questionnaire is easily understood and therefore perceived as authoritative. Additionally, using questionnaire provide greater control over the research process. Finally, the well prepared questionnaires were distribute to employee of Commercial Bank of Ethiopia who works in Alem Bank branch.

b) Secondary data

Secondary data from various sources were input such as CBE HR policy, organizational website, online data source, journal, some articles, dissertation and hand books were used for literature review parts.

3.5 Procedures of Data Collection

This study was used primary data collected by using questionnaires. According to Mugenda (2003), the accuracy of data to be collected largely depends on the data collection instruments in terms of validity and reliability. Close ended questionnaires in with objective study were used. The questionnaires were prepared by easily understood ways and therefore respondent perceived as authoritative. Additionally, using questionnaires provide greater control over the research process. The questionnaires were distributed to respondents and was collected at next day by checking the completeness of the data and put in to SPSS version 20.00 for analysis. Clear

explanations were giving to respondents as to how they will be benefit from the research. All these are aimed at ensuring a high response rate.

3.6 Measurement

To measure knowledge management practice which used in this study as independent variables; the dimensions or four own conceptual framework were appear in this study. Closed ended questionnaires were used in this study parties were used from the questionnaire developed by the Human Capital Institute (HCI) and adapted by Du Plessis, (2010), with some tailoring improvement to measure effect of knowledge management practice on organization performance were used. The questionnaire were appear by the form of the five point likert scale ranges from 1 (strongly disagree) to 5 (strongly agree) and objective questionnaire in the form choice was prepared depend on current practice knowledge management of CBE, and researcher require respondents to evaluate current practice of knowledge management in CBE. Finally, a reliability analysis was conducted by using a Cronbach's Alpha coefficient score to determine the validity or the study instrument

3.7 Pilot Testing

According to Kothari (2004), testing the data collection instruments for their understandability in terms of clarity, validity, readability and completeness has paramount importance. Accordingly, this process allows checking whether census respondents understand instructions and the meaning of each question and if they get difficulties in responding for questions. Subsequently, 37 questionnaires were distributed for pilot testing and it was found that, there were in understanding the intent of the questions in English instruments. Moreover, without making significant change on the original tool, some adjustments were performed on the instruction and wording of few items in English instruments.

3.8. Validity and Reliability of the Research Instrument

3.8.1 Validity

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004**).** Validity refers to the accuracy of the inferences,

interpretations, or actions made on the basis of test scores. It is involves the measurement of constructs. It is refers to the extent to which differences found with a measuring tool reflect true differences among respondents being tested. In this study the researcher were used questionnaires that their validity and reliability were checked and modified according to literatures within the specific objectives research. Also an approval was investigated from advisor and other consultants are applied in order to increase the face/content validity.

3.8.2 Reliability

Kothari (2004) noted, sound measurement is essential to conduct a good research and test of reliability is important test of sound measurement. Thus, to maintain reliability of the instrument and to make sure that the data collection tool provides consistent results, reliability analysis will conducts on both knowledge management and organization performance after full scale data collection. To check for reliability of the instruments, those 37 questionnaires, distributed for pilot testing, were used for reliability analysis; in this study the researcher was test reliability by using Cronbach's Alpha Coefficient (α) is calculated to estimate the internal consistency of reliability of a measurement scale and reasonable indicator of the internal consistency of instruments. Based on the questionnaires five point likert scale items reliability was checked by Cronbach‘s alpha coefficient with the help of SPSS Version 20.0 program software in this study.

3.8.2.1 Reliability score for major KM variables and Organization performance

Table 3.1, Reliability Statistics for major KM and Organization performance

Cronbach's Alpha	N of Items
.953	**37**

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

According to Zikmund, et al. (2009) noted , when a coefficient Alpha fall between range .70 and .80 are considered to have ‘good’ reliability and scales with a coefficient Alpha between 0.80 and 0.95 are considered to have ‘very good’ reliability. Therefore, based on the above test results, we can conclude that, both KM practice (independent variable) and Organization performance (dependent variable) which is tabulated in the below table 3.1 is fall under very good reliability because the result of both found between ranges 0.80 to 0.95 respectively.

3.8.2.2 Reliability Analysis for Components of Knowledge Management

Thus, to maintain reliability of the instrument and to make sure that the data collection tool provides consistent results; after full scale data collection the component of independent variables KM (KA, KT, KC, and KR) the Cronbach's coefficient Alpha score through SPSS version 20; findings are tabulated and illustrated below**.**

Table 3.2: Reliability Statistics for KM components

Subscales	Cronbach's Alpha	N of Items
Knowledge Application(KA)	.853	8
Knowledge Transfer (KT)	.806	5
Knowledge Conversion(KC)	.923	10
Knowledge Retention(KR)	.877	8

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

As illustrated in the above (table 3.2) the component of KM practice reliability in Organization performance the reliability tested for each component of knowledge management. As shows in Cronbach's alpha values the test result for KA (.853), for KT (.806), for KC (.923) and for KR (.877). From these findings, it can be concluded that the construct measured had adequate reliability for the subsequent stages of analysis since the Cronbach Alpha values was greater than 0.7(Sekaran, 2003). Also As Zikmund, et al. (2009) noted, the above test result not only subsequent stage of analysis but also the scales with a coefficient Alpha between 0.80 and 0.95 are considered to have 'very good' reliability.

Table 3.3, Reliability Statistics for Organization performance (OP) scale

Cronbach's Alpha	N of Items
.891	**6**

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

As indicated in the above table (3.3) the six item of organization performance were tested for its reliability, the scale found reliable with cronbach's coefficient Alpha score of .891. Therefore, based on above result the Cronbach's alpha coefficients is found between range of 0.70 to 1.00 as (Sun, Chou, Stacy, Ma, Unger and Gallaher, 2007) suggestion; therefore, the result instrument is found in very good reliability to measuring the dependent variable.

3.9 Data Analysis Methods

Cooper and Shindler (2014) define data analysis as the process of analyzing, cleaning transforming and modeling data that has been collected for research. Before processing the responses, data preparation was done on the completed questionnaires by editing, coding, entering, and cleaning the data. This study employed quantitative method of data analysis. To ensure effective analysis, the questionnaire were coded according to each variable of the study to ensure the margin of error is minimized as to assure accuracy during analysis. The quantitative analysis was applied by using descriptive statistics. According to Denscombe (1998), descriptive statistics involves a process of transforming a mass of raw data in to tables, charts, with frequency distribution and percentages, which are a vital part of making sense of the data. Data were analyzed by using IBM Statistical Package for Social Sciences (SPSS) Version 20.0 program and were presented by using tables to give a clear understanding of the research findings. Inferential statistics makes inferences about populations using data drawn from the population. Inferential statistics correlation analysis is used to determine the effect of knowledge management practices on organizational performance.

3.10 Ethical Consideration

At the end of the thesis the researcher was not used name and other personal information. Also the researcher safeguard for all information relates the individuals who involves in the study. Their privacy, identity and confidentiality was maintained by assigning them code numbers instead of names (anonymity). The questioner was explain the study benefits very well and it safes the convenience of respondents. The completed questionnaires were file safely and would accessible only to the researcher and thesis advisor. During the data analysis the gathered data were inputted after directly obtained from the responses of Alem Bank branch employees, therefore, the end result of study is fully represent Commercial Bank of Ethiopia.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter dealt with the analysis of the data. The chapter also discusses the data cleaning process; the study results and findings are presented in this chapter. Specifically, the data analysis was in line with specific objectives were investigated, interpreted and implications drawn on them. This chapter represents the empirical findings and results of the application of the variables using descriptive, correlations and regression analysis for quantitative research design. Demographic data highlights the descriptive characteristics of the respondents which are presented first; descriptive analysis on both dependent and independent variables; and correlation analysis measured the degree to which the two variables are related. Regression analysis determines what statistical effect of knowledge management on organization performance. IBM Statistical Package for Social Sciences (SPSS) Version 20.0 program was also used to analyze the data. The results are shown by using tables. Based on the Census techniques the researcher selects at the first under methodologies for all 88 CBE Alem Bank branch Professionals, and the questionnaires were distributed and 82 respondents were fully filled and returned. However, when the data was checked for its completeness and practical response pattern, only 80 valid responses were found. Therefore, 2 responses were rejected and cancelled from this study, because it is incomplete responses. Also based on that, 80 valid returned responses were found; which make the response rate to be 91%. Finally, those 80 valid responses obtained from respondents were used for data analysis with Statistical Package for Social Science (SPSS) Version 20.0 for both descriptive and inferential analysis.

4.2 Descriptive Analysis

The descriptive analysis was used to reveal that, the demographic information of the respondent, the current level of KM practices and the level of organization performance.

4.2.1 Demographic information of respondents

In this section, the demographic information of employees which include sex, age, educational qualification, work experience of respondents and job level of respondents were presented

Table 4.1: Demographic information of respondents

Variable	Categories	Frequency	Percent	Valid Percent	Cumulative Percent
Sex Of Respondents	Female	22	27.5	27.5	27.5
	Male	58	72.5	72.5	100.0
	Total	80	100.0	100.0	
Age Of Respondents	25 and Below	15	18.8	18.8	18.8
	26-30yrs	31	38.8	38.8	57.5
	31-35yrs	20	25.0	25.0	82.5
	36-39yrs	6	7.5	7.5	90.0
	40yrs And Above	8	10.0	10.0	100.0
	Total	80	100.0	100.0	
Educational level of respondents	Diploma	3	3.8	3.8	3.8
	Degree	67	83.8	83.8	87.5
	Master	10	12.5	12.5	100.0
	Total	80	100.0	100.0	
Work experience of the respondents in years	Less than 1 year	2	2.5	2.5	2.5
	1-2 years	18	22.5	22.5	25.0
	3-5 years	29	36.3	36.3	61.3
	6-10 years	18	22.5	22.5	83.8
	more than 10 years	13	16.3	16.3	100.0
	Total	80	100.0	100.0	
Job level of the respondents	Entry	24	30.0	30.0	30.0
	Junior Management	11	13.8	13.8	43.8
	Middle Management	34	42.5	42.5	86.3
	Senior Management	11	13.8	13.8	100.0
	Total	80	100.0	100.0	

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

Based on the respondents, it is required to indicate their gender. As shown in the above table (table 4.1), in the CBE Alem Bank branch professional, the majority of the respondents, 58 (72.5%) were male, and 22(27.5%) are female. Based on the age groups that provided by the researcher the respondents were required to indicate their age group in years. With regard to age category, illustrated in above table 4.1 the highest number of respondents fall under the age group of 26-30 years, which is takes 31(38.8%) of the total population. The second high score of age of respondents fall between 31-35 years, which accounts 20(25%) of the total population. Also, 15(18.8%) respondents are at the age of between 25 and below years; further, 40 years and above respondents account to 8(10%) from the total populations. Finally, the lowest percentage of the age of respondent's in the years portraying in 6(7.5%) that found between 36-39 years. Based on the above data it is possible to conclude that, almost majority of employee in CBE are the category under young age of group. Since CBE has vision to be world class commercial bank at 2025; to achieve this vision having a number young age group, in the organization can play crucial role specially, around works that needs new technology adaptations and IT level of understanding young age groups and others not equal.

When we look at the educational qualification of respondents, the respondents with the highest proportion were fall under first degree with score 67(83.8%), followed by 10(12.5%) master degree holders and 3(3.8%) diploma holders. Therefore, it is possible to conclude that, based on the above data tabulated, most employees in CBE Alem Bank Branch are first degree and master's degree holders, this show most employees in CBE were well educated and have better knowledge and expectation. The respondents were asked to indicate how many years they had in the organization. Based on the finding above table (4.1), the highest number of respondents, 29(36.3%) have experience or worked in the organization for 3-5 years in CBE. Whereas, 18(22.5%) respondents have experience 1-2years, followed by similar result 18(22.5%) respondents had worked in CBE 6-10 years. The table 4.1 further revealed that, 13(16.3%) had worked more than 10 years in CBE. Among of total 80 respondents, only 2(2.5%) had worked less than 1 year in CBE. Based on the data result it is possible to portray that, having significant number of well experienced workforce and people with good understanding of organizational culture, is own advantageous, as they expected to share knowledge for the junior employees or they expected to facilitate the knowledge transfer process and possibly to bring competitive advantage for the organization.

Finally, from the findings of above that illustrated in table 4.1, 34(42.5%) of the respondents fall under middle management position, that followed by entry level of employee job category as result show that account to 24(30%). Also in this study the number of senior management is similar within the number of junior management based on employee respondents from all population that percent 11(13.8) respectively.

4.2.2 Current Level of Knowledge Management Practice in CBE

The study sought, to what extent CBE practice KM; the responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, from (Strongly Agree to Strongly Disagree). The mean and standard deviations for each component of KM (KA, KT, KC, and KR) were generated from SPSS version 20; were presented and discussed.

4.2.2.1 Knowledge Application (KA)

Table 4.2, Descriptive Statistics for KA

Items	**N**	**Mean**	**Std. Deviation**
Training / instruction on using the search tools for locating lessons learned is available to me	80	2.28	1.006
Believe that the search tool exhibits intelligence (i.e. It uses context and personalization to filter out alternatives that are not relevant to me in a particular problem situation)	80	2.34	1.018
Bank leadership has pioneered and driven KM adoption and use	80	3.36	1.070
There are verbal and written recognition for individual contribution where appropriate	80	3.06	1.118
There is a KM training program	80	2.75	1.153
There are continuous improvements as a result of KM application.	80	2.90	1.038
IT used in KM has supported worker's needs	80	3.68	1.178
KM has yielded efficient processes	80	2.88	1.195
Overall of Knowledge Application	**80**	**2.90**	**.772**

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

From the above Table 4.2, based on the statistical data and employees evaluation, the overall KA mean score and standard deviation are 2.90 and .772 respectively, and it is slightly below the mid average. When we discuss each items of Knowledge Application, CBE averagely IT used in KM has supported worker's needs is available to applicant the right person with the highest mean score, relatively, with a mean and standard deviation of 3.68 and 1.178 respectively. The second medium mean score for Knowledge Application item is 'Bank leadership has pioneered and driven KM adoption' and use with mean and standard deviation of 3.36 and 1.070 respectively. The third medium mean score for Knowledge Application item is 'There are verbal and written recognition for individual contribution where appropriate' with mean and standard deviation of 3.06 and 1.118 respectively. The fourth medium mean score for KA item is 'There are continuous improvements as a result of KM application' with mean and standard deviation of 2.90 and 1.038 respectively. Furthermore, table 4.2 illustrated that, 'KM has yielded efficient processes' the Knowledge Application item scored mean and standard deviation of 2.88 and 1.195 respectively. Also as medium mean score the items of Knowledge Application for CBE is a KM training program is the mean and standard deviation 2.75and 1.153 respectively. Based on this statement, in the above table 4.2 the items of KA with below average score are around training / instruction on using the search tools for locating lessons learned is available to me with the mean score of 2.28 and standard deviation 1.006. Also the overall knowledge Believe that the search tool exhibits intelligence in CBE below average with the mean score 2.34 and standard deviation 1.018. Therefore, it is possible to conclude that, there are the gaps around HR of institute to applicant knowledge at the time of recruitment and overall knowledge gap of HR are exist, as evidenced the researcher was used the respondents' perception. Based on the data obtained from respondents, knowledge application is not intended level in the institute therefore to overcome this limitation the institute should be looking to build collections of knowledge before or after recruitment. Knowledge banks operate where an organization identifies and attracts potential recruits before they're required, as candidates often emerge who are clearly desirable and interested in the organization but there may not be a suitable current opening.

4.2.2.2 Knowledge Transfer (KT)

Table 4.3, Descriptive Statistics for KT

Items	N	Mean	Std. Deviation
There is a process of information identification	80	2.46	1.078
There is a process of information evaluation	80	2.71	.957
Similar mistakes are avoided	80	2.96	1.107
Useful information is disseminated	80	2.24	.875
There is continuous capturing of information	80	2.79	.990
Overall of Knowledge Transfer	**80**	**2.63**	**.754**

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

From the study findings in above Table (4.3), based on the over all of KT mean score =2.63 and SD .754; all the KT items are fall below average, Based on above table illustrated, for KT items 'the first medium score is 'Similar mistakes are avoided in CBE with the mean 2.96 and standard deviation 1.107 respectively. Next to this 'There is continuous capturing of information' is get second medium score with mean 2.79 and standard deviation .990 respectively. Furthermore the item of KT, 'There is a process of information evaluation in the CBE' is the third medium score of mean with 2.71 and standard deviation .957 respectively and remain slightly below the midpoint. The table (4.3) also portrays There is a process of information identification of knowledge in CBE is the first below average with the mean (2.24) and standard deviation (.875) respectively. Finally, Useful information is disseminated in CBE is fall under the second lowest mean score (2.46) and standard deviation (1.078) respectively. Further, based on the result illustrated in above table 4.3 from respondents perception giving the right position for right knowledge in CBE has limitation, and technology what the institute begin to use EPR (employee performance review) don't reach on expect level so to overcome these both challenge, the institute should aspiration knowledge towards strategic objective because if the knowledge employee do not get right job position, may they cannot do their best in the institute

4.2.2.3 Knowledge Conversion (KC)

From the study findings in the below table (4.4), revealed that the overall KC, as KM practice, score mean and standard deviation of 2.72 and .811 respectively. When we look the Knowledge Transfer items, the highest mean score is Exchange of documents helps in integrating knowledge' with mean and standard deviation score of 3.06 and 1.023 respectively. However, all others Knowledge Transfer (KM) items falls under medium and lowest average based on their result tabulated in above table (4.4) that followed by 'there is actualization of concepts and methods through the actual doing' with the mean 2.86 and standard deviation of 1.028 respectively. "Organization members are able to elicit and translate knowledge of customers into a readily understandable form" (mean=2.81and SD=1.007). "The organization makes a planned effort to facilitate employees to learn job related competencies in order to improve performance" and Meetings helps in integrating knowledge" both items of knowledge transfer score the similar (mean= 2.74) however their standard deviation 1.088 and 1.052 respectively. "There is actualization of concepts and methods through simulations" is scoring the fourth medium average with the mean 2.70 and standard deviation 1.095 respectively. 'Interaction with customers is encouraged" (mean = 2.69 and SD=1.074). "Organization members are able to articulate their ideas or images, in words, metaphors, analogies into a readily understandable form" had mean score 2.66 and standard deviation 1.006 respectively. There is use of information technology in editing or processing information scored below average with mean score 2.59 and SD 1.110 and mean=2.35 and SD=1.057 respectively. Based on the result, illustrated in table (4.4) it could be conclude that from knowledge management practice, like previous items of KM variables Knowledge Transfer also was not well implemented and full introduced in CBE. According to DR Shruti Ashok (2012) noted 'KT should be linked to other learning and development initiatives because learning and development interventions are required at relevant stages in a career path for knowledge individuals to achieve their maximum potential. Knowledge Transfer needs informal as well as formal learning interventions. The KT is opportunity to use creative alternatives such as knowledge coaching and mobility and to enhance performance in current positions as well as readiness for transition to the next level. However, the study result illustrated that this techniques were not implemented and used in very well manner at CBE.

Table 4.4, Descriptive Statistics for KC

Items	N	Mean	Std. Deviation
Knowledge and experiences are shared through interaction with employees	80	2.35	1.057
Interaction with customers is encouraged	80	2.69	1.074
Organization members are able to elicit and translate knowledge of customers into a readily understandable form	80	2.81	1.007
Organization members are able to articulate their ideas or images, in words, metaphors, analogies into a readily understandable form	80	2.66	1.006
Meetings helps in integrating knowledge	80	2.74	1.052
There is use of information technology in editing or processing information	80	2.59	1.110
Exchange of documents helps in integrating knowledge	80	3.06	1.023
There is actualization of concepts and methods through the actual doing	80	2.86	1.028
Bank's processes enhance understanding and translating of knowledge (explicit) into application (tacit knowledge) by organizational members.	80	2.74	1.088
There is actualization of concepts and methods through simulations	80	2.70	1.095
Overall of Knowledge Conversion	**80**	**2.72**	**.811**

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

4.2.2.4 Knowledge Retention (KR)

From the below tabulated and illustrated in the table (4.5), the overall KT in the institute scores mean and standard deviation of 2.87 and .775 respectively. The mean and SD scores for each Knowledge retention (KR) items are portrays like as the following depend on the respondents perception, to what extent the institute work to retain the knowledge one. "My organization is think knowledge management is each and everybody jobs" by institute to retain the knowledge employees are, the first high score of mean =3.10 and standard deviation =1.165 respectively. Also followed by second high score of mean, the organization has strategies in place that satisfies employee needs to prevent or reduce anxiety, insecurity and stress among them to retain the knowledge" with the (mean=3.25 and SD 1.142) respectively. The third high score mean, the organization identifies and prepares suitable high potential employees to replace key players within the organization as their terms of expire' with the (mean=3.00 and SD=1.055) respectively. In addition to this, the item of knowledge retention that the CBE Practice to retain the best performer is a career development opportunity is an important variable in the organization with mean score 2.85 and standard deviation 1.126 respectively. "The organization has succession planning programs that strongly influences staff retention and organization performance" is score mid average mean= 2.72 and standard deviation =.927 respectively. The remains three items of knowledge retention are score below average, whereas the first lowest average "the organization ensures that employees with the qualifications and experience are available when needed with the mean score=2.64 and SD 1.117 respectively. The second lowest average of mean depend on respondent perception is "organization has systematic succession plans, enabling employees to effectively perform roles traditionally reserved for managers with the mean score = 2.68 and standard deviation .897 respectively. The lowest average score of mean from items of knowledge retention is "in my organization employees realize their aspiration and want to attain the highest possible level in their job" with the mean =2.69 and SD= 1.001 and followed by the statement of KR "my organization ensures that employees with the qualifications and experience are available when needed to retain knowledge employees" is score mean= 2.64 and standard deviation=1.117 respectively. Active steps, plans and activities are needed to retain and engage knowledge required for the future health of the organization. Also activities ensuring retention and stabilization of knowledge in the organization are inseparable part of Knowledge management. Knowledge individuals should not leave the

organization because their departures have usually extraordinary impact on organization's operation, which is irrelevant to their number. Among factors influencing knowledge retention in the organization there are the offer of interesting and valued work, ensuring opportunities for education and development, and professional advancement, respecting a balance between professional and private life, the offer of a flexible work role, the offer of a quality work conditions and equipment, provision of sense of recognition and respect, the offer of adequate remuneration and recently also gaining grounds for organization's social responsibility approach DR Shruti Ashok (2012). Also based on below result tabulated and illustrated in table 4.5, it is possible to conclude that, as respondent perception, the retention of knowledge in CBE lower than expect average, there is no contiguous strategy how CBE retain knowledge employees and both HR and managers are not accountable for who leave the institute.

Table 4.5, Descriptive Statistics for KR

Items	N	Mean	Std. Deviation
My organization identifies and prepares suitable high potential employees to replace key players within the organization as their terms expire	80	3.00	1.055
In my organization employees realize their aspiration and want to attain the highest possible level in their job.	80	2.69	1.001
My organization has systematic succession plans, enabling employees to effectively perform roles traditionally reserved for managers.	80	2.68	.897
My organization has succession planning programs that strongly influences staff retention and employee performance.	80	2.72	.927
My organization has strategies in place that satisfies employee needs to prevent or reduce anxiety, insecurity and stress among them.	80	3.25	1.142
A career development opportunity is an important variable in my organization.	80	2.85	1.126
My organization ensures that employees with the qualifications and experience are available when needed.	80	2.64	1.117
My organization is think knowledge management is each and everybody jobs	80	3.10	1.165
Overall of Knowledge Retention	**80**	**2.87**	**.775**

Source: Own questionnaire survey, computed in SPSS version 20.0, 2019

4.2.2.5 Overall Knowledge Management (KM) Practice

Table 4.6, Descriptive Statistics for KM

Items	N	Mean	Std. Deviation
Knowledge Application	80	2.90	.772
Knowledge Transfer	80	2.63	.754
Knowledge Conversion	80	2.72	.811
Knowledge Retention	80	2.87	.775
Overall of Knowledge management	**80**	**2.78**	**0.658**

Source, own questionnaire survey, computed in SPSS version 20.00,2019

The above result that, illustrated in table (4.6) the summary of KM practices and respondents score for each dimension of KM in CBE. As revealed in above table; the Knowledge Application and Knowledge Retention scored midpoint of average with the aggregate mean for KA=2.90 and SD=.772; also aggregate mean for KR=2.87 and SD=.775 respectively. When we see Knowledge Transfer and Knowledge Conversion both of them fall below to mid average; with mean score for KT=2.63 and SD=.754, and Knowledge Conversion aggregate mean =2.72 and SD=.811respectively. This result revealed the level of Knowledge management practice in developing countries, as various studies were exploration in Africa they are poor understood for Knowledge management practice especial how can companies applicant, manage, transfer, convert and retain knowledge employees (Ghebregiorgis and Karsten, 2006 (Eritrea); Onyema, 2014; Ihionkhan and Aigbomian, 2014 (Nigeria); Ijigu, 2015 (Ethiopia); Singh, 2014 (South Africa) and Jain (Botswana)

4.2.2.6 Descriptive Statistics for Organization Performance

Table 4.7, Descriptive Statistics for Organization performance

Items	N	Mean	Std. Deviation
There is increased awareness of information that is critical to achieving the organization's mission	80	1.96	.920
Knowledge of individuals has become knowledge available to the whole organization	80	1.65	.887
We are delivering a higher quality of service to our clients	80	1.81	.915
Overall the organization is functioning better	80	2.04	.892
Managers are making better decisions	80	2.04	1.012
Operational processes have improved	80	1.75	1.000
Overall of organization Performance	**80**	**1.87**	**.755**

Source, own questionnaire survey, computed in SPSS version 20.00,2019

The above table 4.7 descriptive analyses for dependent variable (Organization performance) help to examine the current level of Organization performance in CBE. The overall Organization performance at CBE, is fall below average with mean 1.87and standard deviation .755 respectively. The involvement categorical items of Organization performance result with mean and standard deviation fall under of intended level or below average, depend on the scale rating by respondents. "The Managers are making better decisions" score the similar level of mean with 2.04 and SD .892 followed by 2.04 and SD 1.012 respectively. The level Organization performance in the institute depend on their past performance and awareness of information that is critical to achieving the organization's mission score 1.96 mean and standard deviation .920 respectively. In the CBE the rank rate of We are delivering a higher quality of service to our clients, score the third medium average of mean=1.81 and standard deviation .915 is respectively. Furthermore, Operational processes have improved 'is score mean=1.75 and

standard deviation 1.000 respectively. Finally, 'Knowledge of individuals has become knowledge available to the whole organization' score the lowest average of mean = 1.65 and standard deviation =.887 respectively. According to (Decramer, Smolders & Vanderstraeten, 2013) Organization performance indicates the financial or non-financial outcome of the employee that has a direct link with the performance of the organization and its success. When employees work is considered important and meaningful, it leads obviously to their interest and performance. Authentic and supportive leadership is proven to impact performance management in the sense of enabling human resource managers to understand how to accurately measure and improve organization performance (Cascio & Boudreau, 2016). Based on above result illustrated in the table 4.7 it's possible to concluded that, there are limitation around performance appraisal system, remuneration in the institute is very low when we comparing within the local market, loading of the work, troubles within connection systems, unsatisfactory of employee, knowledge people wish to mobilize to private bank and lack of knowledge in the institute, may major problem that continuous affect Organization performance in CBE.

4.3 The Relationship between Knowledge Management and Organization performance

Correlation is a statistical technique that show how strongly two variables are related to each other or the degree of association between the two. In this study, correlation analysis was conducted to examine the relationship between the components of Knowledge management practice (KA, KT, KC and KR) that is employed as (independent variables) and organization performance (dependent variables). Based on the number of variables the researcher was selecting; Pearson's linear correlation coefficient because the study entailed determining correlations or describing the association between two or more variables (Oso & Onen 2008).
According to (Noe, Hollenbeck, Gerhart and Wright, 2007, 2010, and 2011) suggestion during them examines the relation between fundamental of HRM and job performance, the higher correlation coefficient signifies a stronger relationship. At one extreme, a correlation coefficient of 1.0 means a perfect positive relationship as one set of numbers goes up, so does the other. At the other extreme, a correlation of −1.0 means a perfect negative correlation when one set of numbers goes up, the other goes down. In the middle, a correlation of 0 means there is no correlation.

Table 4.8 The relationship between KM practice and Organization performance

Correlations			
		KM	Organization performance
Knowledge Management	Pearson Correlation	1	.447**
	Sig. (2-tailed)		.000
	N	80	80
Organization performance	Pearson Correlation	.447**	1
	Sig. (2-tailed)	.000	
	N	80	80
*****. Correlation is significant at the 0.01 level (2-tailed).***			

Source, own questionnaire survey, computed in SPSS version 20.0,2019

The result in the correlation analysis in above table 4.8 revealed that, the independent variable (KM) has a positive and significant relationship with the dependent variable (OP). The study also proved that, the moderate level of correlation coefficient of the relationship between Knowledge management and Organization performance is at 0.447 is interpreted as a very strong positive relationship meaning when the level of Knowledge management increases, the level of its effect that it has on organization performance also increase at the same. This imply working on knowledge application, Knowledge deployment, Knowledge transfer and Knowledge retention will result to enhance organization performance that will result the organization to perform effectively in employee commitment and satisfaction, customer satisfaction and financial and performance growth.

4.3.1 Relationship between components of KM and Organization performance

In this study based on the below table (4.9) the findings of the study show a positive and significant correlation exists between four independent variables of KM (KA, KT, KC, and KR) and dependent variable organization performance. The study also established that as a very strong positive relationship existed between Knowledge retention and organization performance, EP (r=.423, P=0.001); this show that acceptance of organization performance was positively correlated with Knowledge retention. This reveals that any positive change in Knowledge retention to increased acceptance of organization performance. The result tabulated and illustrated in table 4.9 also portray that, very strong positive relationship between Knowledge

Transfer (KT) and organization performance (r=.380, p=0.001). This strong positive relationship is shows; any positive change in Knowledge Transfer (KT) led to increase the level of acceptance on organization performance. Also the below table 4.9 portray that, there are strong positive relationship between Knowledge Transfer (KT) and organization performance (r=.374, p=0.001) which is interpreted the consistency of highest correlation of KT has positive change on OP to increase the acceptance of organization performance. Finally, the finding is revealed that, there is strong positive relationship between Knowledge Application and organization performance (r=.367, p=0.001). This proved that any positive change in Knowledge Application (KA) on OP led to increase of organization performance. Some researchers also authentic this reality that, there is existence of strong positive relationship between the components of KM (KA, KT, KC, and KR)within dependent variable, organization performance; such as researches of Erica Knott (2016), Shruti Ashok (2012), and Rita Kagwiria Lyria (2014)

***Table 4.9,The relationship between component of KM and* Organization performance**

		Knowledge Application	Knowledge Transfer	Knowledge conversion	Knowledge Retention	organizational Performance
Knowledge Application		1	.711**	.670**	.638**	.367**
Knowledge Transfer	Pearson Correlation		1	.627**	.616**	.374**
	Sig. (2-tailed)			.000	.000	.001
	N		80	80	80	80
Knowledge conversion	Pearson Correlation			1	.711**	.380**
	Sig. (2-tailed)				.000	.001
	N			80	80	80
Knowledge Retention	Pearson Correlation				1	.423**

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

Source, own questionnaire survey, computed in SPSS version 20.0,2019

4.3.2 Effect of Knowledge Management Practice on organization Performance

Regression is the determination of a statistical relationship between two or more variables. Based on (Kothari, 2004) noted' in this study simple linear regression was employed, to determine the statistical relationship between the dimension of Knowledge management and organization performance. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all the concerned independent variables. Thus, the regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the values of dependent variable, given the values of the independent variable (Kothari, 2004).

Table 4.10 Regression Analysis of Knowledge Management Practices and organization performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.554[a]	.406	.433	.691	.406	4.859	4	75	.002

a. Predictors: (Constant), KA, KT, KC, and KR

Source, own questionnaire survey, computed in SPSS version 20.00,2019

Regression analysis was conducted to empirically determine whether overall of Knowledge management practice (KA, KT, KC, and KR,) were a significant determinant of Organization performance in CBE. Based on regression result in table 4.10 revealed the goodness of fit for regression between organization performance and component of Knowledge management practice was satisfactory. An R squared of 0.406 indicates that 40.6% of the variances in the four components of Knowledge management practice by CBE are explained by the variances in the Organization performance. The correlation coefficient of 55.4% indicates that the combined effect of the predictor variables of KM (KA, KT, KC, and KR) have a strong positive correlation with organization performance**.**

Table 4.11: (Coefficients), (KA, KT, KC, and KR as Predictor on organization performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.464	.334		1.388	.169	-.202	1.130
	Knowledge Application	.067	.160	.069	.422	.674	-.251	.385
	Knowledge Transfer	.123	.156	.122	.787	.000	-.188	.433
	Knowledge Conversion	.077	.151	.083	.512	.610	-.223	.378
	Knowledge Retention	.238	.153	.244	1.558	.001	-.066	.543

a. Dependent Variable: *organization Performance*

Source, own questionnaire survey, computed in SPSS version 20.00,2019

Based on the finding above table 4.11, from influence on organization performance, Knowledge Transfer and Knowledge Retention have statistically unique contribution for the out of with beta value of .123(p=0.000) and .238(p=0.001) respectively. Moreover, the above statistical result revealed that, given the other variables constant, one unit increase in Knowledge retention will increase .244 units of organization performance, and one unit increase in Knowledge Transfer, will increase .122units of Organization performance. Therefore, we can portray that from the above result, segmenting employees based on their Knowledge, rewarding them based on their contribution, Knowledge employees on the most important jobs, matching job requirements with employees' competencies, making transition from job to job easy, and giving opportunities for employees to do what they do best highly influence on their performance.

CHAPTER FIVE
SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

The purpose of this study is to examine the current practice of Knowledge management and its effect on organization performance at CBE. As per the data gathered through questionnaire by the researcher to meet the research objective; the data gathered were analyzed through descriptive statistics and inferential statistics. Based on objective analysis of the results, summary of main findings are presented in this section as follows. The descriptive analysis result portray that, the mean score of component of knowledge management practices (KM) fall within ranges between 2.90 and 2.63 average of mean. With the regard to highest average mean score Knowledge Application (M= 2.906, SD= .772) and the lowest average mean score (M= 2.63, SD=.754) is for knowledge transfer which is illustrated that, from the four component of knowledge management practice, "Knowledge Application" was well introduce in the CBE, and depend on research finding "Knowledge Transfer" is the least practiced of component of Knowledge management practice in CBE. This study also found that, 2.87 sum average mean score for Knowledge Retention and standard deviation=.775 is introducing in CBE next to Knowledge Application is KR fall at medium mean of score; followed by Knowledge Conversion of overall average, the mean score of (M=2.72, SD=.811which is show Knowledge Conversion fall below at the midpoint. Moreover, the descriptive statistics employed to examine the current level of organization performance at CBE, the result is portray that, the mean score of the performer is felling quit their job performance below the average with the aggregate mean the score of = 1.87 and SD=.755 respectively.

The study found out that Knowledge Application had a positive influence on the organization performance there is strength in understanding importance of knowledge application such as, branding, recruitment and selection strategy, share mission, values and vision of CBE, and setting clearly goals of objectives well practices in the institute. The result indicates that Knowledge retention had a positive and significant influence on organization performance. Also had the greatest influence on organization performance; However, study also found that, Knowledge Transfer was not introduce and implement very well in the organization, also there is

no contiguous strategy how CBE retain knowledge employees, both managers and HR directors are not accountable when the knowledge leave from organization.

In examining the relationship of component of knowledge management practice (KA, KT, KC, and KR and organization performance, the result expresses that, a very strong positive relationship was found, such as KR and organization performance (r=.423, p=0.001), KC and organization performance (r=.380, p=0.001), KT and organization performance (r=.374, p=0.001) and KA and organization performance (r=.367 p=0.001) were respectively, this means any positive change in all component of knowledge management practice, led to increase the level of acceptance of Organization performance Regression analysis overall of Knowledge management practice (KA, KT, KC, and KR,) were a significant determinant of Organization performance in CBE. The coefficients between the independent and dependent variables portray that all the four independent variables, of knowledge management practice have a positive significant effect on Organization performance or results indicate that KA, KT, KC, and KR have the strong positive relationship and significant influence on Organization performance.

5.2. Conclusions

The aim of this study was to examine the effect Knowledge management practice and its effect on organization performance. With regards to this, the researcher was established some specific research questions and objectives to show to what extent CBE practice KM, to reveal the relationship between them and to measure to what extent KM practice affect Organization performance. Also based on explanatory research design employed for this study; to emphasize on discovering relationship between knowledge management practice and Organization performance; so based on the result discussed in chapter four it is revealed that, the research objectives of this study have been met and the research questions have been answered. Based on this analysis the research was drawn the following conclusion.

From the four Knowledge management practice dimension employed in this study, Knowledge transfer is the least scored variable of Knowledge management; this show giving right position for right employees at right time was not implement and introduce very well in the organization. Also its possible to conclude that, there are weakness on practice of Career development, delegation, job to job transition, promotion, and succession planning in the institute; may this one

is the reason why the Knowledge transfer is not reach to intended level in the organization. Based on the finding of study, in component of knowledge transfer items, there are weakness on measuring the result after the organization giving trainings for the employees or to what extent the trainings enhance Organization performance is not evaluate in the CBE, there are limitation to coaching and mentoring, rarely giving education opportunity for employees, all these revealed that, why the reason Organization performance is not score intended level, or not introduce very well in the organization. Also the dimension of Knowledge Conversion practice is approach to use creativity alternative for the future as knowledge coaching and mobility also to enhance performance in current positions as well as helps to transformation in the organization. However, the study concludes that, these techniques were not implemented and approaches in the organization. In addition to this the content analysis of results induced that; there could be more other components of Knowledge Conversion which could influence Organization performance. The study concluded that Knowledge Conversion had a positive and significant effect on organization performance.

The study also draws conclusion that, components of Knowledge Application which included, there are verbal and written recognition for individual contribution where appropriate, and the institute facilitation of work-life balance as well as social networking and the assurance of employee's job security had positive influence on the organization performance in CBE. However there are weaknesses around overall good knowledge on the HR, compensation and organization climate to applicant knowledge are not score intended level in the organization. When we conclude, the component of Knowledge Application there could be more other components of knowledge application which could influence Organization performance.

It was further concluded that knowledge retention had highest positive and significant effect on organization performance. This study further concludes that knowledge management has a strong association with increased competition for highly skilled knowledge, creating an open an innovative culture, aligned with what matters most with employees, will provide the organization with the necessary competitive edge to applicant and retain knowledge necessary to achieve organizational goals. Retaining experienced and knowledgeable employees, within new bloods work force can be shaped institute to transition to next level competencies or helps to get sustainable advantage. However, the study revealed that, the organization are not develop

knowledge pools from which it can source of knowledge to fill vacancies as they become available and foster employee retention

5.3 Recommendations

Based on the findings, conclusions and research problem made, the research required to forward realistic and applicable recommendations. Therefore, the followings are recommendations are offered by the researcher that helps to improve the gaps of Knowledge management practice in CBE to enhance Organization performance.

- ⇔ The study suggested that, overall an emphasis should be given by institute on all components Knowledge management practices such as how knowledge could be applicant, transfer, converse and retained; therefore, the organization must be impression strategy that specify knowledge management practice to enhance Organization performance and should be coherence within organization vision, mission, and values.
- ⇔ With regard to knowledge application, new bloods work force must be appreciating in CBE around IT center because mixed knowledge employee enhance to achieve organization goals and objectives effectively. Also to delivery excellent service for the customer, CBE should be overcomes major problem of traditional recruitments and must be introduce extra hiring methods and selection mechanism to forward looking and proactive, which means that the organization is continuously seeking out knowledge and get opportunities to better utilize new talented.
- ⇔ Beyond knowledge transfer practice, CBE must be implement the strategy to give right position for right person at right time, because if mismatch of knowledge in the organization it's impossible to enhance Organization performance and achieve organization goals and objectives very wells. The study also suggest that reward and recognition strategies, career development, delegation, promotion, and succession planning program must be introduce in CBE with these interventions, CBE can give equal opportunity for candidates to fill key positions within key person. Also CBE should introduce the five job characteristics such as skill variety, task identity, task significance, autonomy, and feedback can play crucial role for the institute to practice knowledge transfer.
- ⇔ Moreover, based on descriptive analysis result, knowledge conversion practices score also below to intended level in the CBE. Therefore, the organization should be imperative to focuses on developing programs that are not only essential but help to enhances organization

performance**.** Employees are a critical component that determines the success or failure of an organization's; therefore CBE to transfer knowledge should be develop training programs, rotation, coaching and mentoring based on current needs to increase Organization performance.

- ⇔ Further, the researcher believes it is crucial for CBE to think about knowledge retention, employees must be seen as an asset for an organization, which is important if organizations want to achieve a sustainable competitive advantage. knowledge retention is not one time exercise rather than its continuous Process, therefore CBE should be retain knowledge based on today's market trend; since employees not only interested at the benefits entitlement and compensation packages offered by the organization but they also seek for overall organizational incentive plans. Therefore; CBE must be implement knowledge retention practice that helps to retain the knowledge, where it can have the most effect on Organization performance
- ⇔ Finally, to conclude these recommendations, CBE should introduce all the component knowledge management practice that's employed and not employed in this study like knowledge process, knowledge audit, knowledge engagement, knowledge principles and others; to increase organization performance through the improved

5.4. Limitation of the Study

Like another study, this study also not free from limitation; to deduct number of variables, this study only limit to four components of Knowledge management practice (KA, KT, KC, and KR) so, it may not reveal full of Knowledge management practice and its effect on organization performance. The researcher troubles within a problem of getting enough literature available especially in the context of Ethiopia. This may affect the depth of literature review that conducted in the study, therefore the researcher forced to depend on foreign literature. This study experienced an initial slow response from the respondents who were mainly busy to respond the questionnaire openly and timely, unreturned questionnaire considered some information as confidential and hence could not be willing to reveal, the research also limits itself and relies on the quantitative data; these all expressed among of the various problems encountered and may affect the result of study.

5.5. Future Research Directions

The research findings reported in this study make a valuable contribution to the awareness to effect of Knowledge management practice on organization performance. The study also established the research problems, presents conclusion and forward practical recommendations. However, additional research is needed to further investigate that show potential relationship and effect of other internal and extraneous variables within knowledge management practice. Moreover, since knowledge management practice is very broad and new phenomena; the researcher believed that, there are issues remain uncovered in this study due to the scope limitation. For this study the researcher employed four components of Knowledge management practice (KA, KT, KC, and KR) to examine its effect on organization performance; however, it is recommended that other studies should be done, within additional component of knowledge management practices, such as knowledge strategy, knowledge planning, knowledge acquisition, knowledge engagement, performance management, knowledge audit, knowledge commitment and within others untouched variables, this will ensure increased reliability of the statistics KM practice and its effect on Organization performance.

The study only focuses to CBE; this shows that the findings of this study perception to only data gather from one organization. Therefore, the researcher is suggested that, a study to be done in other institutions and other sectors to increase the statistical power of the study and to get more reliable results. Further, another the study can be increase and use enriched to include more variables under the theoretical framework in future studies. Also rather than only use questionnaire for the future studies, using multiple measurement methods for justifiability of the theoretical model can include other methods like in depth interviews, focus group interviews, and nominal group technique, and if the sample can be bigger and broad based that increase the representativeness of the study. The study also suggested that the response rate should be broadened to cover a larger population so as to have more inclusive findings to make better conclusions and recommendations from Knowledge management practice and Organization performance. Finally, all what suggested by researcher and others have great benefit and help to enhance the potential of studies for future research direction.

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APPENDIX I

QUESTIONNAIRE

Addis Ababa University

Department of management

Questionnaires: Prepared for CBE Alem Bank branch's employees

I am a graduate student pursuing Master Science in management (MSC) in Addis Ababa University. I am currently conducting a research study entitled "***The Effect of Knowledge Management Practices on Organizational Performance in case of Commercial Bank of Ethiopia"*** request you to help me by filling the questionnaire attached with the following instructions and that's help me in completing my research. This information in the form of answers is purely for my research and academic purpose only. I assure you that the information obtained from your end will be kept confidential. I express my sincere thanks for sharing your valuable time and extending your co- operation in this regard.

Instruction

- No need to write your name
- Please put mark "√"in the appropriate box that matches to your response
- Please complete all your items to reflect your opinions and experiences
- Returning the questionnaire in time is appreciable and very help full for researcher
- In case of any inquiry about this questionnaire, you can contact me through following my cell phone and email address.

Yours Sincerely, Sintayehu Daba

Email :-sentsiraa@gmail.com

Phone: - 0912155484

SECTION A: DEMOGRAPHIC FACTORS

Please tick the most appropriate answer (√/x)

1. What is your Gender?

Female ☐ Male ☐

2. Age: - 25 and below ☐

26-30yrs ☐

31-35yrs ☐

36-39yrs ☐

40yrs and above ☐

3. Which is your highest education level?

Certificate ☐ Diploma ☐ Degree ☐ Masters ☐ PHD ☐

4. How long have you worked in the CBE?

Less than 1 year ☐

1-2 years ☐

3-5 years ☐

6-10 years ☐

More than 10 years ☐

5. What is your job level?

Junior Management ☐

Middle Management ☐

Senior Management ☐

Entry ☐

SECTION B

VARIABLES OF KNOWLEDGE MANAGEMENT PRACTICE

I. Knowledge Application

To what extent do you agree with the following statements relating effect of knowledge application on organization performance? Directions: For each of the statements below kindly tick only one based on the following scale. (***SA-Strongly Agree, A-Agree, N-Neutral, D-Disagree, SD-Strongly Disagree***)

Statement on Knowledge Application	**SA**	**A**	**N**	**D**	**SD**
1. Training / instruction on using the search tools for locating lessons learned is available to me					
2. believe that the search tool exhibits intelligence (i.e. it uses context and personalization to filter out alternatives that are not relevant to me in a particular problem situation)					
3. Bank leadership has pioneered and driven KM adoption and use					
4. There are verbal and written recognition for individual contribution where appropriate					
5. There is a KM training program					
6. There are continuous improvements as a result of KM application.					
7. IT used in KM has supported worker's needs					
8. KM has yielded efficient processes					

II. Knowledge Transfer

Directions: For each of the statements below kindly tick only one based on the following scale. (***SA-Strongly Agree, A-Agree, N-Neutral, D-Disagree, SD-Strongly Disagree***)

Statement on Knowledge Transfer	**SA**	**A**	**N**	**D**	**SD**
1. There is a process of information identification					
2. There is a process of information evaluation					
3. Similar mistakes are avoided					
4. Useful information is disseminated					
5. There is continuous capturing of information					

III: Knowledge Conversion

To what extent do you agree with the following statements relating to effect of Knowledge Conversion on organizational performance in the CBE?

Directions: For each of the statements below kindly tick only one based on the following scale. (***SA-Strongly Agree, A-Agree, N-Neutral, D-Disagree, SD-Strongly Disagree***)

Statement on Knowledge Conversion	**SA**	**A**	**N**	**D**	**SD**
1. Knowledge and experiences are shared through interaction with employees					
2. Interaction with customers is encouraged					
3. Organization members are able to elicit and translate knowledge of customers into a readily understandable form					
4. Organization members are able to articulate their ideas or images, in words, metaphors, analogies into a readily understandable form					
5. Meetings helps in integrating knowledge					
6. There is use of information technology in editing or processing information					
7. Exchange of documents helps in integrating knowledge					

8. There is actualization of concepts and methods through the actual doing					
9. Bank's processes enhances understanding and translating of knowledge (explicit) into application (tacit knowledge) by organizational members					
10. There is actualization of concepts and methods through simulations					

IV: Knowledge Retention

To what extent do you agree with the following statements relating to effect of knowledge retention on organization performance in CBE?

Directions: For each of the statements below kindly tick only one based on the following scale. (***SA-Strongly Agree, A-Agree, N-Neutral, D-Disagree, SD-Strongly Disagree***)

Statement on Knowledge Retention	**SA**	**A**	**N**	**D**	**SD**
1. My organization identifies and prepares suitable high potential employees to replace key players within the organization as their terms expire.					
2. In my organization employees realize their aspiration and want to attain the highest possible level in their job.					
3. My organization has systematic succession plans, enabling employees to effectively perform roles traditionally reserved for managers.					
4. My organization has succession planning programs that strongly influences staff retention and employee performance.					
5. My organization has strategies in place that satisfies employee needs to prevent or reduce anxiety, insecurity and stress among them.					
6. A career development opportunity is an important variable in my organization.					

7. My organization ensures that employees with the qualifications and experience are available when needed.					
8. My organization is think knowledge management is each and everybody jobs					

SECTIONC: Organization Performance

Directions: For each of the statements below kindly tick only one based on the following scale. Strongly agree – 1; somewhat agree – 2; Neither Agree or Disagree – 3; Somewhat Disagree – 4; Strongly Disagree - 5.

Statements on Organization Performance	1	2	3	4	5
1. There is increased awareness of information that is critical to achieving the organization's mission					
2. Knowledge of individuals has become knowledge available to the whole organization					
3. We are delivering a higher quality of service to our clients					
4. Overall the organization is functioning better					
5. Managers are making better decisions					
6. Operational processes have improved					

The end

Thank you for completing the questionnaire!