



Addis Ababa University
College of Business and Economics
Department of Master of Business Administration

**The Relationship between Knowledge Management and Organization
Performance: The Case of Awash Insurance Company**

BY:

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Fulfillment of the Requirement for the Degree of Masters of Business Administration
(MBA)

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DECLARATION

I hereby declare that this thesis entitled “The relationship Between Knowledge Management and organization performance the case of awash insurance company”, was carried out by me under the guidance and supervision of Dr. Workneh Kassa

The Thesis is original and has not been submitted for the award of degree by any other person.

Researcher's Name

Date

Signature

Migbaru Tezera

STATEMENT OF CERTIFICATION

This is to certify that the thesis entities “The relationship Between Knowledge Management and organization performance the case of awash insurance company”, is submitted to Addis Ababa University College of Business and Economics Department of Master of Business Administration and is a record of Valuable research work is carried out by Mr. Migbaru Tezera the guidance and supervision of Dr. Workneh Kassa.

Therefore I hereby declare that no part of thesis has been worked under my supervision as a thesis advisor of Migbaru Tezera.

Advisor: Dr. Worknhe Kassa

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Table of Contents

DECLARATION	i
STATEMENT OF CERTIFICATION.....	ii
ACKNOWLEDGEMENT	iv
Table of Contents.....	v
List of Tables	ix
List of Figures.....	x
Abbreviation	xi
Abstract.....	xii
Chapter one.....	1
Introduction.....	1
1.1 Background of the study	1
1.2 Statement of the Problem.....	3
1.3 Objective of the Study	5
1.4 Specific Objectives	5
1.5 Significance of the study.....	5
1.6 Scope of the Study	5
1.7 Limitations of the study	6
1.8 Organization of the Study	6
Chapter Two.....	7
Review of Related Literatures.....	7
Introduction.....	7
2.2 Theoretical Literature Review	7
2.2.1 Types of knowledge.....	7
2.2.2 Knowledge Management	8
2.2.3 Organization Performance	11

2.2.4. Organization Performance	13
2.2.4 Knowledge Acquisition	14
2.2.5 Knowledge Creation	15
2.2.6 Knowledge Storage	15
2.2.7 Knowledge Sharing.....	16
2.2.8 Knowledge Application	17
2.2.9 Knowledge Conversion and Performance.....	17
2.2.10 Knowledge Transfer and Performance	18
2.2.11 Knowledge Application and Performance	18
2.3 Empirical Literature Review.....	19
2.4 Conceptual Framework.....	21
2.5 Research Hypotheses of the study	23
Chapter Three.....	24
Research Design and Methodology	24
Introduction.....	24
3.2 Research Design.....	24
3.3 Research Approach	24
3.4 Source of Data.....	25
3.5 Data Collection Methods	25
3.5.1 Questionnaire	25
3.5.2 Observation.....	26
3.6 Study Population, Unit of Analysis and Respondents	26
Sampling design.....	26
3.6.1 Target population.....	26
3.6.2 Sampling technique of the study.....	26

3.6.3 Sample size determination of the study	27
3.7 Data Analysis Technique	27
3.8 Operationalization and measurement of variables	28
3.9 Validity and Reliability of the Research	28
3.9.1 Validity of the Study	28
3.9.2 Reliability of the Study	29
3.10 Ethics of the Research.....	30
Chapter Four	31
Data Analyzing, Interpretation and Discussion	31
Introduction.....	31
4.2 Response Rate.....	31
4.3 The Demographic Information of the Respondents	32
4.3 Descriptive Analysis	33
4.3.1.1 Descriptive statistic for Knowledge Acquisition	34
4.3.1.2 Descriptive statistic for Knowledge creation	35
4.3.1.3 Descriptive statistic for Knowledge storage	37
4.3.1.4 Descriptive statistic for Knowledge Sharing.....	39
4.3.1.5 Descriptive statistic for Knowledge Application	41
4.3.1.6 Descriptive statistic for Organizational Performance	43
4.4 Correlational analysis of knowledge management activity and organizational performance.....	45
4.4.1. Pearson Correlation Analysis.....	45
4.5. Regression Analysis.....	47
4.5.1 Multiple linear regression Assumption tests.....	47
1 Linearity Test.....	47
2. Normality tests	48

3. Test of Homoscedasticity of Residuals.....	49
4. Multi Co linearity Test.....	53
4.5.5. MULTIPLE LINEAR REGRESSIONANALYSIS	54
4.6. Hypothesis testing and discussion of results.....	57
Chapter Five.....	60
Summary, Conclusion and Recommendation.....	60
Introduction.....	60
5.2 Summary of the major finding of the study	60
5.3 Conclusion	61
5.4 Recommendation	62
5.5 Study Limitations and Possible Suggestions for Future Research.....	63
References.....	64
Questionnaires.....	69

List of Tables

Table 3.1 summary of operation and measurement and influence of dependent variable.....	28
Table 3.2 Summary of Cronbachi’s Alpha.....	29
Table 4.1 Respondent rate.....	31
Table 4.2 Personal Information of the Respondents.....	32
Table 4.3 Summary of descriptive statistic Knowledge Acquisition Activity.....	34
Table 4.4 Summary of descriptive statistic Knowledge creation Activity.....	35
Table 4.5 Summary of descriptive statistic Knowledge storage Activity.....	37
Table 4.6 Summary of descriptive statistic Knowledge Sharing Activity	39
Table 4.7 Summary of descriptive statistic Knowledge Application Activity.....	41
Table 4.8 Summary of descriptive statistic Organizational performance Activity.....	43
Table 4.9 correlation analysis of KM dimensions and organizational performance.....	46
Table 4.10 Dependent Variable: Organizational Performance.....	54
Table 4.11 Model summary of R-Square.....	54
Table 4.12 Test of Analysis of Variance (ANOVA).....	55
Table 4.13 Coefficient.....	55
Table 4.14 Summary of hypotheses testing result.....	59

List of Figures

Figure 1.1 Conceptual Frame work.....	22
Figure 4.1 Normal P-P plot of regression standardized residual for organization performance...	47
Figure 4.2 Histogram of standardized residuals for organizational performance.....	48
Figure 4.3: Test of Homoscedasticity of Knowledge Acquisition.....	49
Figure 4.4: Test of Homoscedasticity of Knowledge creation.....	50
Figure 4.5: Test of Homoscedasticity of Knowledge sharing.....	51
Figure 4.6: Test of Homoscedasticity of Knowledge Storage.....	52
Figure 4.7: Test of Homoscedasticity of Knowledge Application.....	53

Abbreviation

AIC	Awash Insurance Company
HRM	Human Resource Management
KM	Knowledge Management
KA	Knowledge Acquisition
KC,	Knowledge Creation
KS,	Knowledge storage0
KSH	Knowledge Sharing
KAP	Knowledge Application
KMP	Knowledge Management Practices
SPSS	Statistical Package for Social Sciences
ROA	return on assets

Abstract

This study explored the relationship between knowledge management practices on the performance in awash insurance company in Ethiopia particularly in awash insurance company. The objectives of the study, were to analyze the relationship between knowledge creation and performance at Awash Insurance Company Addis Ababa city branches, analyze the relationship between knowledge application and performance at Awash Insurance Company, examine the relationship between knowledge sharing and performance at Awash Insurance Company, and analyze the relation between knowledge management and organizational performance at Awash Insurance Company Addis Ababa city branches. The study mainly employed quantitative research approach using explanatory research design. For data collection, pre-tested close end structured questionnaire were used. Considering 166 professionals staff a population studied using census approach out of total 284. Response rate was 83.1% , 138 respondent. The data were analyzed through descriptive statistics using SPSS 20. The correlation result shows that there is a positive and significant relationship between knowledge acquisition, knowledge creation, knowledge sharing, and knowledge storage. But in the case of knowledge application the relation is not significant. The company should improve and work hard on knowledge application activity so that it will have significant influence on performance of Awash. Managers and employees should spend more in knowledge management practice so that can improve innovation utilized in funding research, enhance team work, improving technology, motivate academic staff to retain and share knowledge.

Keywords: Knowledge management, organizational performance, knowledge acquisition, knowledge creation, knowledge sharing, knowledge storage, knowledge application.

Chapter one

Introduction

This chapter covers the study's background and provides a succinct overview of the research. The problem statement, key research questions, study objectives, terminology definitions, study importance, study organization, and study delimitation/scope are then included. Furthermore, it discloses the general structure of the research.

1.1 Background of the study

Knowledge management is an approach to managing information that involves the production, sharing, and assessment of knowledge within an organization (Kajwang, 2022). Obeidat et al. (2018) define knowledge management as a planned process that involves activities including gathering individual knowledge to enhance business operations and the organization's goals and objectives.

A corporation must monitor and assimilate newly acquired knowledge from a range of sources before integrating it with the organization's knowledge management system in order to properly increase knowledge within the company (Lopez-Nicolas & Merono-Cerdan, 2021). When knowledge management is done successfully, insurance companies can improve their entire performance, acquire competitive advantages, create new opportunities, and provide high value to their clients (Alipour, 2022).

According to Torres et al. (2018), the ability of the insurance organization to innovate is largely responsible for the influence of knowledge management components on performance. This innovation might manifest itself as enhanced and superior procedures, goods, and services. Increasing the amount and level of knowledge provided among staff members is one of the most crucial strategies insurance businesses may use to boost productivity, claim Jain and Moreno (2017). Individually generated ideas that are shared lead to fresh perspectives, which generate new concepts that advance process performance and creativity.

In corporate organizations such as insurance companies, knowledge management is a critical problem (Alipour, 2022). Insurance firms always work with risk and uncertainty on a constant basis. The working environments of insurance companies tend to be more dynamic and chaotic. This industry is susceptible to risks such as man-made accidents like vehicle accidents, fires, project failures, corporate bankruptcies, and dishonesty, as well as natural disasters like earthquakes, floods, and droughts (Medin Magazine, 2016). Insurance companies must utilize their expertise and experience to evaluate those risks prior to underwriting. Thus, in order to achieve strong organizational performance, the insurance firm must support knowledge management by utilizing its corporate and individual knowledge.

As a sector of risk management, insurance companies contribute significantly to the economy, which is based on the services supplied by other companies. The companies that offer clients risk management services in the form of insurance policies make up the insurance sector. In the insurance industry, performance refers to the capacity to demonstrate best practices in order to gain a competitive edge. This advantage is subsequently experienced by the consumers as advantages from the provision of greater value, which boosts sales growth. In the insurance industry, performance refers to the propensity to demonstrate exceptional work in order to get a competitive superiority (Sung and Choi, 2022). Among the objectives are increased performance, increased productivity, enhanced creativity, enhanced competitiveness, and better decision-making as well as increased organizational effectiveness.

Insurance businesses should understand the value of knowledge management and make every effort to integrate it into their operations since knowledge is a source of competitive advantage. Insurance companies must make sure that their staff members are informed about the latest advancements in the industry and have access to continual training opportunities because their main product is information about different policies (Dzenopoljac et al., 2018). In the process of selling their policies, insurance companies are able to assign specific tasks in a range of areas to employee members due to the specialized knowledge that these organizations possess. Implementing knowledge management techniques could help insurance companies boost.

Insurance companies possess a lot of data about their clients and their offerings. Understanding their consumers is a goal that can be achieved in part by managing knowledge within the company (Kajwang, 2022). Stated differently, when an organization enhances its ability to foster and enable knowledge generation, procurement, utilization, and dissemination, its management staff, stakeholders, and other relevant parties must have greater access to pertinent, significant, and practical knowledge that will support quicker and more informed decision-making, spur innovation, lower production costs, boost employee contentment, encourage investment, generate superior customer services, increase market share, and provide a competitive edge.

1.2 Statement of the Problem

Ensuring that the appropriate people have access to the right knowledge is the goal of knowledge management. According to Drucker (1999), the goal is to ensure that an organization is capable of learning and that its knowledge assets can be retrieved and utilized in current applications as needed. Numerous scholars have looked into the connection between knowledge management and organizational effectiveness in various sectors, such as construction companies in hawassa city (Temesgen , 2017), hospitals (Lubna, 2014), Small and Medium Enterprises (Obsa ,2022), CBE banks in Bahirdar city (Samueal , 2022), telecommunication (Suraj & Ajiferuke, 2013), and Universities (Sultan & Shimellise ,2021). For instance, a study in a company called INFO MIND SOLUTIONS PLC by Nigussie, (2019), established knowledge management’s positive effect of knowledge management on organizational outcomes related to employee development, product enhancement, and business innovation.

Tom (2017) conducted research on how knowledge management affects insurance companies in Kenya's ability to compete. The investigation's findings demonstrated the importance of knowledge management to private enterprises' ability to compete. In the example of CBE in Bahirdar city, Samueal, (2022) investigates empirically the impact of knowledge management practices on organization performance. The findings indicate that all knowledge management practices—aside from knowledge acquisition—have a major impact on the organization performance of CBE in Bahirdar city branches. Godfrey (2015) evaluates the relationship between Kenyan commercial banks' performance and knowledge management.

This study examines the relationship between Kenyan commercial banks' performance and knowledge management. The researcher draws the conclusion that there is a favorable correlation between knowledge management methods and the performance of the organization because knowledge conversion, knowledge transfer, and knowledge application are statistically significant.

A study on the impact of knowledge management on organizational performance in the context of Panafric Global Plc was carried out by Tizita (2021). The research findings informed the neutral practice of knowledge management procedures. Thus, knowledge management is not a routine activity at the organization. Its knowledge management procedures are inadequate. As a result, the researcher draws the conclusion that the company does not use KM methods.

Many empirical evidences shows that knowledge management has a positive link with performance of all organization if properly practiced. But till these days there are only small number of studies which are not even recent studies that analyzes the relationship between knowledge management and performance among insurance industries in Ethiopia (Ibrahim, 2016). There are about 18 active insurance industries in the country (National Bank of Ethiopia, 2023). With the presence of this much insurance industries in the country and knowing that the industry work is very risky and knowledge dependent , it is very surprising not having recent and many studies in the country.

Despite strong empirical support for the relation between knowledge management practices and organizational performance in general, researches on this area at the insurance sector in the Ethiopian context in particular are small in number, and furthermore the existing research works are not recent. To the best of the researcher knowledge and the empirical evidences, no previous recent researches have been conducted the relation between knowledge management practices and organizational performance of insurance company in general at a country level and in Awash insurance particularly.

1.3 Objective of the Study

The general objective of this study was to analyze the relationship between knowledge management and performance of Awash insurance Company.

1.4 Specific Objectives

1. To examine the effects of knowledge creation and performance at Awash Insurance Company.
2. To examine the effects of knowledge application and performance at Awash Insurance Company.
3. To examine the effects of knowledge sharing and performance at Awash Insurance Company.
4. To examine the relation between knowledge management and organizational performance at Awash Insurance Company.

1.5 Significance of the study

The study offers Awash Insurance Company S.C a ground for analyzing the relationship Between Knowledge Management and performance of awash insurance company. The study make contribution through adding information and understanding about how managing knowledge add the performance of aic, the company benefits in addressing the problems to knowledge management practice, the study contributes to create awareness among AIC leaders to review its KM practice and fix problems on the knowledge management, and this paper used as an initiation for those who are interested to conduct a detailed study on similar subject matter.

1.6 Scope of the Study

The scoop of this study covers and evaluates the relationship between knowledge management and the organization performance of awash insurance company. AIC has 59 branches offices, 33 located in the capital, Addis Ababa, and 26 branches situated in major towns across the country, plus One Life branch and 4 contact offices.

The scope of this study is awash insurance's branches located in Addis Ababa city. This research work will be restricted to the operations of insurance service in awash insurance company S.Co.

This enables the researchers to generalize and affirm the positive relation of knowledge management and the organization performance brings about competitive advantage, and profitability in the organizations.

1.7 Limitations of the study

This study would be confined to the relation between knowledge management and performance of awash insurance company which is found in Addis Ababa city.

There is some factors that may constrain the researcher from attaining the peak of the research work. Among these factors the main limitation of the study next to time and budget is, it is not generalizable to the whole of Awash insurance company found all over Ethiopia, due to the geographical location of the branches of the company in the country. The other problem is respondent's inconsistency towards filling the questionnaires and may face a punctuality problem. The researcher is also encounter some difficulty in collecting data because of the manpower especially those who work in a human capital may not fill the questionnaires properly. This is because most of them may get their skill from work experience and may lack the job educational requirement.

To tackle the above problem, the needed translation will be performed by the researcher and as much as possible making the questionnaires simple and making it easily understandable.

1.8 Organization of the Study

There were five chapters in this study. The second chapter reviews related literature and is divided into three sections: a theoretical review, an empirical review, and the conceptual framework for the investigation. The research methodology and design are covered in detail in the third chapter. The data presentation and analysis portion of the study is covered in the fourth chapter, and the study's findings, conclusions, and recommendations are covered in the final chapter.

Chapter Two

Review of Related Literatures

Introduction

This chapter tried to see the views and discussions of other researchers on the relationship between knowledge management and organization performance especially on the insurance companies. Past research studies, theories and some related books are very essential to discover the research gap and identify the variables of the study.

The reviewed literature will be discussed in this section. Section one consists of theoretical part which discusses the meaning of the knowledge management, organization performance and the linkage between them. The second section which is the empirical part consists of cases of different studies on how to apply knowledge and performance. The Third section is about the conceptual framework of the research paper.

2.2 Theoretical Literature Review

2.2.1 Types of knowledge

Knowledge is very important and basic issue for the development and competitive advantage in business organization to achieve their goal (Gnawali, 2020). There are a number of studies and approaches about knowledge management. Knowledge acquisition, creation, sharing and application has an important role and contribution in organization and individual knowledge base growth.

According to Filmon, (2008) knowledge is created, stored, shared, and applied almost all organization to attempt and achieve the goals of the organization. The organization' s performance is strongly influenced by the degree and utilization of available and appropriate knowledge by those who need it.

In general, there are two types of knowledge namely tacit knowledge and explicit knowledge.

Tacit Knowledge: Tacit knowledge is personal and stored in the brain of a person. This kind of knowledge is gained through study and experience. The sharing of tacit knowledge is not simple for many organizations, since it is shared through different activities and strategies. Some of the activates includes training, communication, workshops, on the job training and so on. Any firm that wants to make wise judgments and maintain its competitiveness in the market must have tacit knowledge.

Explicit knowledge: Explicit knowledge is knowledge that is not retained in the human brain but is instead kept in written records or other types of storage. Documents, databases, emails, webpages, USB devices, hard disks, CDs, and the like are some of the places this kind of information is kept.

2.2.2 Knowledge Management

Knowledge management (KM), according to Dalkir (2005), is the process of using the best information, knowledge, and organizational knowledge that is available to one in order to help them learn, retain, and act appropriately. It is not intended to replace individual knowledge, but rather to enhance it by making it more cohesive, robust, and broadly applicable.

Another definition of knowledge management is the use of a methodical approach to the gathering, organizing, sharing, and managing of knowledge inside an organization with the goal of improving efficiency, implementing best practices, and cutting costs (Wiig, 1993). Research has demonstrated that knowledge management works best when knowledge is gathered, stored, and then shared especially when it comes to best practices and lessons learned (Wiig, 1993).

An organization's most valuable resource is its knowledge base. It combines one's judgment, morals, skills, aptitude, awareness, and methods. The organization's use of knowledge strategies and procedures to improve business process effectiveness and efficiency, achieve knowledge-based strategy, and sustain organizational performance sets apart knowledge management (Kordab et al, 2020).

Km is a methodical approach to managing both corporate and individual knowledge, involving the creation, sharing, and searching of information while utilizing technology to support decision-making and maintain competitive advantage (Omar, 2011).

According to Karadsheh et al. (2009), knowledge management (KM) is an organized process that involves gathering, organizing, analyzing, storing, exchanging, and using individual knowledge to progress business processes and meet organizational goals and objectives. DalKir (2005) also discussed the efforts made in the field of knowledge management (KM), which is primarily focused with gathering, organizing, and disseminating the knowledge that individuals within organizations possess. Some common knowledge management goals are described below.

- To facilitate a smooth flow of work transition from those retiring to the new recruited one who is going to fill their positions.
- As much as possible reducing loss of corporate memory due to attrition and withdrawal.
- Identify the company important resources of knowledge so that the corporation knows how and when to do it.
- To construct structured methods that can be used with the organization to curtail the potential loss of intellectual capital.

Gery, (1991) A variety of methods, instruments, and strategies are used in knowledge management. Explicit knowledge and tacit knowledge are the two main categories of knowledge. The former is challenging to describe and challenging to write, illustrate, or put into words. It is meant to convey the idea that something that is easily grasped by one person may be extremely challenging for another to externalize. The latter is knowledge expressed in a concrete way, such words, images, or recordings. The majority of it is contained in tangible objects or concrete media. It is important to emphasize that the same information could be understood by one individual as implicit and by another as explicit. On the one hand, since students are practicing using a manual, it is more acceptable to explain what they are going to accomplish with greater ease. However, people with a great deal of experience and expertise could find it more difficult to communicate their knowledge.

Hajric, (2018) further defined the two types of knowledge. Explicit information is non-codified and frequently based on personal experience, whereas implicit knowledge is codified knowledge, such as that found in words or documents.

The three interconnected components of the knowledge management cycle are knowledge application, knowledge sharing, and knowledge acquisition (Malhotra & Segars, 2001). An organization can achieve well-developed performance and innovation with an effective and efficient knowledge management system (KM) approach (Darroch, 2005).

Any activity that involves gathering, producing, disseminating, and preserving knowledge in order to advance organizational performance and learning is referred to as knowledge management. The development of an organization's knowledge and skills leads to the development of its learning processes, which is the main goal of knowledge management. According to Scarborough et al. (1999), knowledge management is an endeavor undertaken by the management to generate, disseminate, and utilize information in an effort to boost the organization's competitive edge.

The main purpose of knowledge management is to increase organization's knowledge based effectiveness and create value of the organization and employees of the organization (Bixler & Stankosky, 2005). Successful KM process has the ability to align with the organization policy, strategy, culture and structure; it also has the capability to handle any turbulence that can affect the performance of the organization

According to Gnawali, (2020) KM is useful to make knowledge as an actual asset. Making knowledge an asset it enables the company to retain and exploit what is already known, and also it improves the organizations knowledge development effort to meet its goal and need. The researcher goes on to discuss other applications of knowledge management (KM), including how it can help businesses learn from their past failures and triumphs, better utilize their current knowledge assets, encourage a long-term focus on acquiring the necessary skills and competencies and getting rid of outdated knowledge, improve their capacity for innovation, and increase their ability to prevent the loss of their most important knowledge and competencies.

In contrast to knowledge management's advantages, the km process is fraught with difficulties. In his study, (Saaristo, 2012) identified a number of barriers to knowledge management (KM) in the workplace, including a lack of awareness of the benefits of KM, challenges in identifying the type of knowledge to be managed and making it available, overcoming technological limitations, a lack of expertise in and resources for technology, a lack of training, financial constraints, a lack of employee participation, a lack of trust in and rewards for knowledge sharing, a lack of willingness on the part of employees to share knowledge, and the time-consuming and expensive nature of knowledge management implementation (Saaristo, 2012).

2.2.3 Organization Performance

Research has demonstrated that the successful implementation and practice of knowledge management can significantly improve an organization's overall performance (Toften & Olsen, 2003).

KM has a direct and indirect impact on innovation and organizational success (Amirhosein et al., 2018). It has been discovered that an organization's performance increases with knowledge development, application, and acquisition. Knowledge acquisition has a greater impact on organizational performance than knowledge creation, and knowledge creation has a greater impact on innovation speed, quality, and quantity than innovation quality knowledge creation. Consequently, the researchers conduct studies that demonstrate the beneficial correlation between knowledge management and performance as well as its influence on innovation, which further enhances the performance of the business (Amirhosein et al., 2018).

Tariq (2020) conducted research on the relationship between knowledge management, organizational culture, and performance in the transportation sector in Jordan. Throughout his research, he attempts to investigate how knowledge management affects both organizational performance and culture. The study's findings demonstrate the beneficial effects of knowledge management on organizational performance and demonstrate the necessity of trustworthy management at all levels for the development, application, sharing, and acquisition of information in the transportation industry. Additionally, the study came to the conclusion that organizational culture benefits from knowledge management.

According to Mishra and Mohanty, (2014) most of organizational performance measures are based on financial performances of the company. Financial performance includes return on assets (ROA), return on equity, and return on sales. Every organization likes to develop and grow continuously on their business, it is noted that organizational performance is directly related to performance of each individual and member of the team working at the organization (Horga, 2012). To achieve a desired success there are three required aspects namely:

- Economic efficiency: any organization wishes to achieve its goal with few resources.
- Customer satisfaction : getting higher result with few resources, but that exceeds consumer expectation
- Employee's satisfaction: the effectiveness of leadership that leads the team by meeting personal need of employees.

Effective organizational performance supposed to show a better financial performance of the organization in a long term. Since organization performance is main and basic result to show strategic and company managerial management (Venkatraman & Ramanujam, 1986).

Study results have confirmed that managers of businesses apply organizational learning through the four knowledge management processes of application, sharing, storage, and acquisition, it will have a favorable impact on long-term organizational performance in (Kordab et al., 2020). Mohamed and Hoshino, (2012) organization performance is an indicator of organization's economic level and can determine the extent of level of the employees knowledge. In every company organization performance is one of the most important values in the context of management and business growth. Dalkir, (2005) addressed about the major business drivers behind today's increased interest in and application of KM.

1. Globalization of business. Organizations become more global than ever before which include multisite, multilingual, and multicultural in nature.
2. Leaner organizations. Since knowledge workers are adopting an increased pace and workload organization should be very smarter.

3. “Corporate amnesia.” the work force is not stable in one place which creates problems of knowledge stability for the organization and the need for continuous learning demands on the knowledge worker. It’s hard to expect to spend the entire work life with the same organization.

4. Technological advances. The business world is more connected. Advances in information technology not only have made connectivity everywhere but have radically changed expectations.

In order to measure the impact of knowledge management practices on organizational performance in the construction industry, AbuBaker et al. (2016) looked at employee growth and company turnover. Based on these findings, he came to the conclusion that knowledge creation, storage, transfer, and application have a significant impact on an organization's ability to grow.

A better and well developed performance of organization is very important for stakeholders and shareholders since it increase the value of distributing dividends and it also increase the value of the business. Moreover performance of the organization will attract more investors to the company (Muller, 2014).

2.2.4. Organization Performance

A research conducted by Darroch (2005) investigates the relation between knowledge management and organization performance and the result of the study shows that some knowledge management process like knowledge acquisition, knowledge creation, knowledge storage and knowledge sharing positively relates to performance of the organization. But one of knowledge management processes which is knowledge application dose not directly affect performance of the organization.

A study conducted by Mohammad, (2017) tries to investigate the relationship between knowledge management and organizational performance in manufacturing company. On his research he tries to relate five km dimensions (Knowledge function, Knowledge sharing, Knowledge creation, Knowledge registration, Knowledge acquisition) with performance of the organization. Mohammad (2017) collects the data through km standard questionnaire and uses cross-section and a quantitative research methodology.

At the end of the research he concluded that, there is a significant relationship between the five knowledge management dimensions and organizational performance of lean manufacturing company

2.2.4 Knowledge Acquisition

Enhancing the organization's competencies to obtain the information that would improve problem-solving and decision-making processes, operational business processes, is crucial to achieving the desired organizational performance. The process of acquiring knowledge involves accumulating different kinds of information from numerous sources in order to close knowledge gaps, implement a knowledge strategy, and improve long-term organizational performance. The beneficial impact of organizational learning on knowledge acquisition has confirmed the connection between the process of acquiring knowledge and learning (Dalkir, 2005).

The psychological and social processes that comprise organizational learning include intuition, comprehension, integration, and institutionalization of knowledge; the conversion of implicit into explicit knowledge; and the facilitation of knowledge sharing between individuals and groups. Through organizational learning, people can gain experiences and competencies that are relevant to their personal, professional, and social lives. By doing this, the organization will be able to adapt to changes in the environment more effectively, create value, increase the efficacy and efficiency of its operations, and maintain organizational performance.

Dalkir, (2005) knowledge acquisition is difficult especially in the case of tacit knowledge. The process of gathering specialist personnel experience within an organization and making it available to anyone in need is known as "tacit knowledge management". The acquisition of tacit knowledge is the systematic approach to learn and capture organize information and making it easy to find for problem solving. Knowledge remain tacit until that information is captured by someone else to use again later.

Malhotra, (2000) Acquiring knowledge from an individual or group can be defined as the process of transferring and transforming valuable expertise from a source of knowledge to a repository of knowledge. The following is a good way to acquire knowledge that Malhotra (2000) suggested.

- **Grafting** - involves the migration of knowledge between firms
- **Experiential learning** - involves knowledge acquisition within a given firm that is, knowledge created by doing and practicing
- **Inferential processes** – it is within the organization and occurs by doing.
- **Vicarious learning** - processes occur through one firm observing other firms' demonstrations of techniques or procedures.

2.2.5 Knowledge Creation

Knowledge is created first by the individual. KM's primary objective is to make one's own knowledge accessible to others inside the organization. The process of creating new knowledge happens constantly and at every organizational level. Knowledge development typically occurs more abruptly or unexpectedly. Dalkir, (2005) identified four modes of knowledge conversion, which are universal experiences and form the core of the entire process of creating knowledge. These are the channels via which a person's expertise is expressed and "amplified" throughout the company. The process of organizationally intensifying individual knowledge development and making it evident as a component of the organization's knowledge network is known as organizational knowledge creation. Knowledge transformation is an interactive, spiral process rather than merely a one-way one, and knowledge development involves social interactions between individuals. The four methods of converting knowledge are described below.

1. from tacit knowledge to tacit knowledge: the process of socialization.
2. from tacit knowledge to explicit knowledge: the process of externalization.
3. from explicit knowledge to explicit knowledge: the process of combination.
4. from explicit knowledge to tacit knowledge: the process of internalization (Dalkar, 2005)

2.2.6 Knowledge Storage

Knowledge storage is the process of capturing and retaining organizational and individual knowledge in a soft or hard manner using a technique that makes it easily retrievable.

Technical infrastructure, such as contemporary informational technology, software, and human resources, are used to identify organizational knowledge. The knowledge is coded and indexed so that it may be retrieved at a later time (Armstrong, 2006).

According to Armstrong, (2006) a repository makes people to look for and retrieve codified knowledge without the person who originally developed it. This argument by him concludes that by doing so, time and other organizational resources will be saved and the performance of the organization will be improved

2.2.7 Knowledge Sharing

Knowledge management includes the exchange of knowledge, including information, skills, experiences, and expertise, both within and between companies. One component of knowledge management is knowledge sharing (Janus, 2015). It goes beyond simple communication because much organizational knowledge is difficult to express. Communities that exchange information interact with a social network of individuals who can be regarded as knowledge producers in addition to providing data and documents (Dalkir, 2005). Users' names and production credits are included in an effective knowledge management system.

Previous studies shows that the quality of insurance services is mainly depend on the management of their employees' knowledge (karatb et al, 2005).

Many researchers found that knowledge sharing is the key for organizational performance and productivity. Like material assets knowledge sharing stays with the giver and develop and enrich the knowledge of the receiver. So with an effective knowledge sharing practice organization can develop a knowledge based culture and its competitive advantage (Ahmad et al, 2013).

In knowledge sharing process knowledge become experienced and developed. Knowledge can be shared with in the organization by the employees' through different methods like memos, instructions and meetings group discussions and internal meetings as well as external peoples and organizations through attending different workshop and seminaries (Bedassa, 2013).

Knowledge management is the process of creating the correct knowledge for the right people at the right time from the right source of people.

Knowledge sharing is one of the key components of knowledge management, and most KM concepts rely heavily on it. To practice knowledge sharing, it needs the willingness of staffs to look for and be interested to this knowledge. To smooth the progress of the knowledge sharing, the working culture, the way the organization motivate workers, and some other activities, knowledge management must assess users demand as well as the out coming problems regarding its management and facilitate knowledge sharing, KM must understand the requirements of the users, as well as the complexities and potential problems with managing knowledge and knowledge source (Bukowitz & Williams, 1999).

2.2.8 Knowledge Application

Knowledge application, according to Hajric (2018), is the actual application of knowledge that has been produced, collected, and integrated into the knowledge management cycle. Knowledge is eventually made available to all of the organization's knowledge workers, assuming that it will be utilized. Reusing knowledge is the availability and accessibility of valuable knowledge objects and knowledge elements in a library of such items. References, components (text or programs), templates, patterns, or other kinds of containers can all be used to explain knowledge items. The major objective is to reduce the amount of time needed to do jobs and contribute to maintaining higher standards of work quality. Three Roles Apply to Knowledge Reuse.

- Knowledge producer: the one who original create knowledge
- Knowledge intermediary: the one who is responsible for the packages and prepares it for storing, retrieving and sharing.
- Knowledge consumer: the one who receive and use the knowledge (Hajric, 2018)

2.2.9 Knowledge Conversion and Performance

According to Sanchez and Palacios (2008), knowledge conversion is a typical process in which individuals with various levels of knowledge interact to develop new and advanced knowledge that can improve both the amount and quality of knowledge. The goal of KM implementation for businesses is to improve overall performance (Gottschalk, 2007).

By transforming knowledge into explicit knowledge and vice versa, the process of knowledge production enhances individual and organizational invention and improvement.

Through knowledge conversion, the entire organization can exchange generated knowledge and turn it into tacit knowledge for the employees. For a company to function more effectively and to have a competitive edge, knowledge from many sources must be combined and synchronized with organizational knowledge (Dalkir, 2005).

Informal training is the main method for sharing knowledge in the organization (Maryam et al, 2010). Proper implementation of business and knowledge improves the management of explicit information and the transfer of information to knowledge which in turn helps insurance company good decision making and competitive environments (Rao & Kumar, 2011).

2.2.10 Knowledge Transfer and Performance

Organizational structure and knowledge transfer performance do not significantly correlate, according to research by Syed-Ikhsan (2004) and Rowland. Nonetheless, the organization's management should take into account the need for knowledge and information sharing within the company.

All company employees, according to Saini (2013), must participate in programs and training related to the implementation of knowledge management (KM) practices since they can freely share ideas and contribute to the sharing, transfer, and reuse of knowledge. Moreover cross exposure to deferent department within the organization was another item to contribute in KM implementation. Furthermore organization culture is also found to be basic factor in transmitting tacit and explicit knowledge in the organization members.

Knowledge transmission amongst individuals benefits the firm as a whole as well as the individual concerned by increasing competency (Syed & Rowland, 2004).

2.2.11 Knowledge Application and Performance

Knowledge management in brief shows as the management of knowledge between employees in the company thorough the process of knowledge accusation, creation sharing and storing (Heisig, 2009).

Knowledge application is linked with the application of knowledge to solve a task or a problem. This knowledge can be applied by the whole team or by an individual (Ajmal & Koskinen, 2008).

Companies benefit from the proper application of knowledge not from just the existence of knowledge. Knowledge applications have different approach like elaboration, infusion, thoroughness. According to Yussoff and Daudi, (2010) knowledge application has positive relation with performance.

2.3 Empirical Literature Review

In his attempt to demonstrate the value of knowledge management in a company, Colin (2016) gathered information from books, conference proceedings, and published journals. The study's conclusion demonstrates that knowledge management is essential to an organization's ability to remain competitive.

Amir and Seyed, (2014) investigating the effects of knowledge management and organization innovation on organization strategy in Iran insurance industries. The study undergo exploratory analysis on knowledge management and organization innovativeness on organization strategy, and the researchers extracted six critical successes factors that influence on knowledge management including knowledge management process, organizational culture, organization structure, human resource, information technology, top management support and three factor of innovation including product innovation, process innovation and organization performance.

Maja (2010) investigates the relationship between Croatia's financial performance and the caliber of knowledge management. Five knowledge management success factors knowledge management infrastructure, knowledge management holders, organizational culture, information technology, and measuring knowledge management—as well as two financial indicators return on sales and return on assets were the focus of the researcher's correlation analysis in this study. The findings indicate that there is little correlation between the two knowledge management success factors (financial indicator and knowledge management infrastructure), meaning that these factors cannot determine whether knowledge management is successful or unsuccessful. Financial indicators have a considerable relationship with the remaining three elements.

Comprehensive understanding of the connection between organizational performance and knowledge resources that aids in the creation of strategic plans and the utilization of knowledge resources (Mills & Smith, 2011). The complicated systems were investigated using deconstructed models, and 189 managers were employed by the researcher to obtain survey data. The outcome demonstrated that while individual resources as a whole define the knowledge management capabilities construct, certain of them are directly related to the performance of organizations. The conclusion is that not every resource can be attributed directly. It has been shown that, in contrast to technology, organizational culture, and knowledge conversion, organizational structure, knowledge acquisition, application, and preservation were strongly correlated with organizational performance. According to the research, while each resource is not directly related to a firm's knowledge management competence, they all work together to determine it (Mills & Smith, 2011).

Henok, (2021) studied how knowledge management affected the performance of Ethiopian private banks as an institution. In order to investigate the impact of knowledge management on the organizational performance of private banks in Ethiopia, the researcher selected two private banks at random and employed a quantitative research approach in conjunction with a descriptive survey research design. Based on his findings, the researcher came to the following conclusions: (1) Knowledge management plays a critical role in helping private banks achieve performance; (2) All knowledge management dimensions have a positive impact on organizational performance; and (3) Out of all the knowledge management processes, application was ranked first, suggesting that it requires more attention than the other processes.

Another study which was studied by Rashdi et al., (2019) is a systematic review which was about the effect of knowledge management on organizational performance. The researchers reviewed a total of 29 articles and the finding indicated that few studies were held on the effect of KM and organizational performance and also revealed that few studies were conducted in developing country. The other point was, rather than using other analysis method, most of the articles used correlation and descriptive analysis and most of them uses SPSS method to analyze the data. The other observation was the limited sample size that affects the result of the finding because of the limitation of generalizing the finding.

Most researches focus one sector specifically the manufacturing and technological sector which other sector given less attention. The final point was the shortage of using mediator or moderating variables such as business strategies, and inters- organizational trust.

A study conducted by Fatemeh and Jamal, (2017) at the Koosar Bank in Tehran, Iran tries to investigate the impact of knowledge management on organizational productivity. And on their study they use questioner as a data collection method and to insure the accuracy they sought a feedback from 29 university professors and banking experts. After analyzing the result they confirmed two new feature of km in the company which are tacit and explicit knowledge & knowledge sharing. The most important finding of the study is that knowledge management components positively affect organizational competitiveness and innovation which results in improved organizational performance.

A study by Abdul, (2015). Aims to investigate the impact of knowledge management on organizational performance of business organizations in Bangladesh using exploratory and confirmatory investigation method. He collect the necessary data using questioners and analyses it using SPSS. The study findings demonstrate different effects of technology, organization and knowledge of different dimension on organizational performance. Based on the study the researcher concluded that all technology, organization and knowledge has a positive impact on performance of the organization

2.4 Conceptual Framework

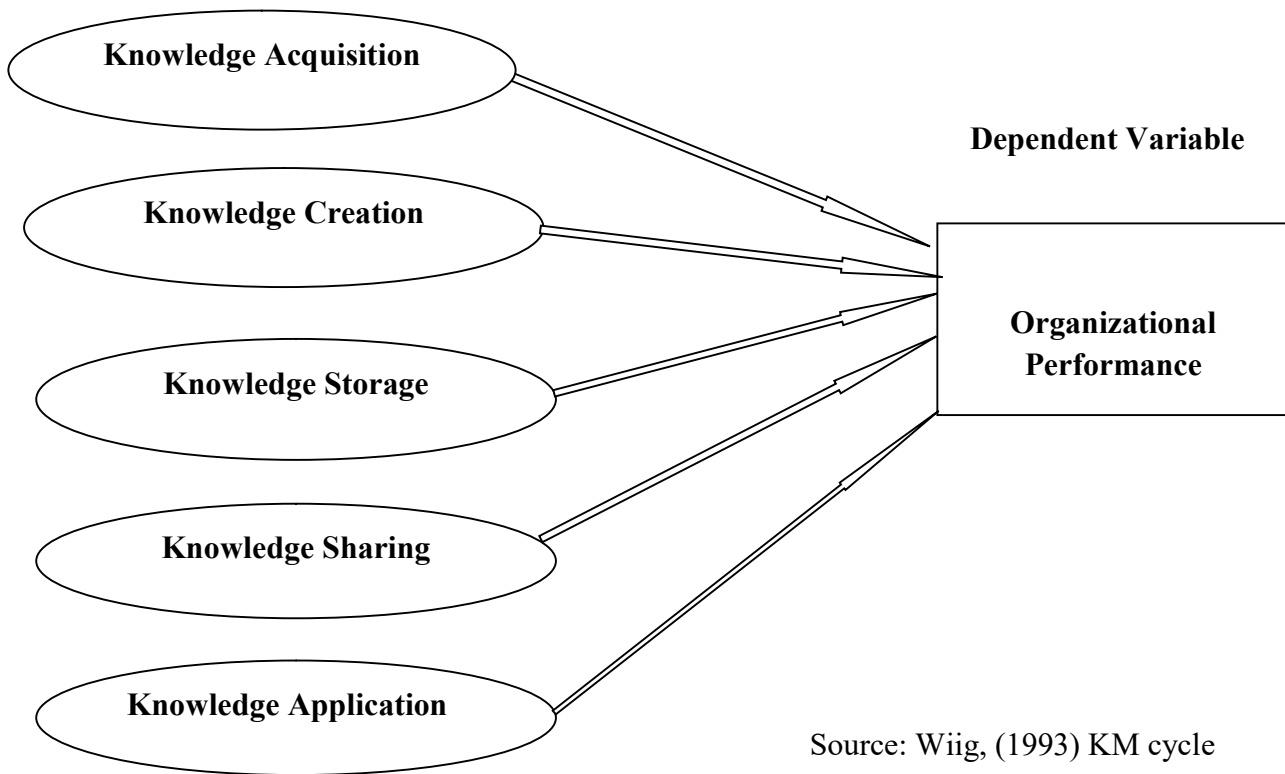
In a rapidly changing business environment, knowing the relationship between knowledge management and organization performance is a very significant factors to achieve the organization goals (Kordab et al, 2020). According to a review of scientific literature, there is a lack of clarity and application regarding the relationship between organizational performances and the entire knowledge management cycle, which includes knowledge creation, acquisition, storage, sharing, and application, particularly in the insurance industry.

The study try to bring solution in filling the knowledge gap regarding the relationship between the knowledge management and organization performance and to create awareness in their application and how to achieve and sustain in the business by becoming a organization competitive company.

Therefore here under, a conceptual framework derived by the researcher which is developed based on the reviewed literatures.

Figure 2.1 Conceptual Frame work

Knowledge Management Independent Variable



2.5 Research Hypotheses of the study

The hypotheses of the study are

- H1: knowledge acquisition positively affect organizational performance of Awash insurance company.
- H2: Knowledge sharing positively affect organizational performance of Awash insurance company.
- H3: knowledge creation positively affect organizational performance of Awash insurance company
- H4: knowledge storage positively affect organizational performance of Awash insurance company
- H5: knowledge application positively affect organizational performance of Awash insurance company.

Chapter Three

Research Design and Methodology

Introduction

According to Greener, (2008) research methodology is the researcher attitude and the overall understanding of the research question to be answered. It is the approach that investigates facts which lead us to solve the stated problem. This chapter deals with research approach, the research methods and techniques, data presentation tools sample design, and sample size as well as the source of data which will be used for the study.

3.2 Research Design

A research design is used as a blue print or master plan about how the researcher will go through answering the research question. It is used to collect, measure and analyses of the data (Kotari, 2004). According to Saunders (2007) there are three types of research design namely exploratory studies, descriptive studies and explanatory type. Exploratory type is used when the researcher want to find out new insight about particular problem in a situation that the researcher is not sure about the precise nature of the problem. The second one which is a descriptive type on the other hand is used when the researcher has a clear picture before the collection of data and wants to seek clear picture of a particular issues. Third one is explanatory research design type which aim to study a relationship between or among variables. The study use explanatory and descriptive research design. According to Saunders et al. (2007), an explanatory analysis determines the causes of the variables. The purpose of this study is to determine how KM affects an organization's performance.

3.3 Research Approach

There are quantitative and qualitative research approaches. An approach which involves the generation of quantitative data from which can be subjected to quantitative analysis in formal and ridged setup is called quantitative approach.

On the other hand an approach which is concerned with subjective matter based on the assessment of attitude, opinion and behavior is called qualitative approach (Kothari, 2004). Most researchers argued that the method to use for a study depend on the purpose of research, research data and research question.

This study use quantitative research approach. The advantage of using quantitative research approach is used to interpret the information obtained from the questioner and help to assess the relationship between knowledge management and performance of the organization and identify the challenges that are encountered during knowledge accusation, creation, storage, transfer and application.

3.4 Source of Data

To conduct this research, primary source of data is used. The primary data is collected directly from the respondents and also by observing the working area of Awash insurance company.

3.5 Data Collection Methods

Depending on the type of research and data collection method, there exist different research methods and techniques. According to Kothari, (2004) he describes research methods as the behavior and instrument used in identifying and building research techniques. The study will use structured questioner with close ended, and site observation that will be employed on the assessment of relation between knowledge management and organization performance process.

3.5.1 Questionnaire

The study gather the primary data by developing a close ended questionnaire. The questionnaire has two section in which the first part contain the general information about the respondent. The second part which is the main body of the questionnaires are hold a five point likert scale type question for collecting responses in a standardized way.

3.5.2 Observation

The other data collection method that the researcher used was observation which in intention to get a holistic understanding of how respondents are practically doing their job. Also while observing, it will increase the research validity by making it stronger with other data collection method that were used.

3.6 Study Population, Unit of Analysis and Respondents

The study consider so HR department workers and other department which has relation with the knowledge management such as MIS department, procurement department, underwriting, claims, finance, and different departments. Due to very large number of the target population, the researcher decided to take using sampling from the population rather than census survey. The study considered the companies head office and branches as unit of analysis.

Sampling design

3.6.1 Target population

Awash insurance company has 34 branches, three contact office sand and 1 head office quarter with different departments in Addis Ababa city. The total number professional employees in all Addis Ababa city braches is 284 including managers. This study involves professional employees who are found in all branches of Addis Ababa city. Therefore, the population of this study is 284 employees of Awash Insurance Company who are in positions of cashier and above.

3.6.2 Sampling technique of the study

A sample design, according to Kothari (2006), is a well-defined strategy for obtaining a sample from the target population. Two selection approaches will be used in this study: the first is the probability sampling strategy, which is essentially basic random sampling that can aid with questionnaire distribution and provide equal opportunities for every individual to be selected in all AIC branches and departments.

The second one is non probability sampling. In this type of sampling samples are selected deliberately by the researcher. According to Kothari (2004) the non-probability sampling technique is also known as deliberate sampling, purposive sampling and judgment sampling.

3.6.3 Sample size determination of the study

Studying the whole population is impossible due to the time limit and the cost, therefore a sample which can represent the population must be selected from the whole population using the above technique. To determine the sample size the researcher used a formula that is provided by Yamane (1967), it is shown as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = the sample size

N =total population of the study

e = the level of significance (0.05)

$$n = \frac{284}{1+284(0.05)^2}$$

$$= \frac{284}{1.71} = 166$$

Therefore 166 is the accepted number of sample for this study with 5% margin of error and 95% confidence level from 284 populations.

3.7 Data Analysis Technique

As was previously noted, quantifiable data was used by the researcher. Additionally, the computer program Statistically Product and Service Solution (SPSS) version 20 will be used to edit, code, and enter the quantitative data gathered from the questionnaires. Descriptive statistics, such as mean, standard deviation, and percentage and frequency distribution tables, will then be employed to analyze the data gathered from the closed-ended questionnaires.

3.8 Operationalization and measurement of variables

Dependent variable if organization performance which measured using a five point Likert type scale, were 1= strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree. It is measured using a subjectively methods of performance measurement. The table below depicts the dependent variable definition, influence on the independent variable and how it is measured.

No	Variable	Definition and reference	Measurement	Influence on dependent variable(+/-)
1	Knowledge Acquisition	Knowledge acquisition means accumulating different kinds of information from numerous sources in order to close knowledge gaps, implement a knowledge strategy, and improve long-term organizational performance. (Dalkir, 2005).	Five point likert type scale(1=SD, 2=D, 3=Neutral, 4= Agree, 5= SA)	+ve
2	Knowledge Creation	Organizational knowledge creation can be defined as a process that organizationally intensify the knowledge created by individuals and make it clear as a part of the knowledge network of the organization(Dalkar, 2005)	Five point likert type scale(1=SD, 2=D, 3=Neutral, 4= Agree, 5= SA)	+ve
3	Knowledge Sharing	Knowledge sharing is described as the exchange of knowledge, including information, skills, experiences, and expertise, both within and between companies. (Janus, 2015).	Five point likert type scale(1=SD, 2=D, 3=Neutral, 4= Agree, 5= SA)	+ve
4	Knowledge Storage	Knowledge Storage is the process of capturing and retaining organizational and individual knowledge in a soft or hard manner using a technique that makes it easily retrievable. (Armstrong, 2006).	Five point likert type scale(1=SD, 2=D, 3=Neutral, 4= Agree, 5= SA)	+ve
5	Knowledge Application	Knowledge application is the actual application of knowledge that has been produced, collected, and integrated into the knowledge management cycle Hajric, (2018)	Five point likert type scale(1=SD, 2=D, 3=Neutral, 4= Agree, 5= SA)	+ve

Table 3.1 summary of operation and measurement and influence of dependent variable
Source: own survey

3.9 Validity and Reliability of the Research

3.9.1 Validity of the Study

According to Creswell, (2018), Validity is defined a determinant whether the finding of a study is accurate or not. The researcher used a pilot test to evaluate the measure's face validity, complexity, and clarity in order to confirm the study's validity.

The validity of the questioner was first tested by taking a sample of 15 employees of awash insurance company to fill the questioner. Based on the pilot-test result some revisions and corrections might made to improve the questioners before it was finalized for the study.

3.9.2 Reliability of the Study

The reliability test is performed to check whether the study give consistent result in case of the same study is repeated (Kothari, 2004). A portion of the respondents were chosen for pre-testing and piloting in order to guarantee the study's dependability. Additionally, Cronbach alpha was used since it assesses an instrument's internal consistency and works well with instruments that haven't been standardized before the study. According to Bryman (2012), Cronbach's Alpha is a reliability test which calculates the average correlation among data; and checks its internal reliability.

Knowledge management activities	Cronbach's alpha Values of Test survey			Cronbach's alpha Values of Main data		
	No. of question	No. of Sample	Cronbach's Alpha	No. of question	No. of Sample	Cronbach's Alpha
Knowledge Acquisition	6	15	0.76	6	138	0.705
Knowledge Creation	4	15	0.757	4	138	0.730
Knowledge Storage	7	15	0.77	7	138	0.731
Knowledge Sharing	7	15	0.803	7	138	0.721
Knowledge Application	7	15	0.785	7	138	0.833
Organization performance	9	15	0.842	9	138	0.843

Table 3.2 Summary of Cronbach's Alpha value
Source: own survey

As Table 3.2 shows, the reliability test has above 0.7 Chronbach alpha figures. Thus, the result indicates that all variables were better reliability because these alpha coefficients are greater than 0.7.

3.10 Ethics of the Research

This study will consider the ethical issues or code of conduct. In this study the researchers, all persons who will directly or indirectly involve in this study are expected to maintain ethical standards to achieve the validity and reliability of the study. Due care was given especially in manner of how data is obtained and been collected. This is to avoid some sort of problem which will be encountered by participants by disclosing any information or for the sake participating in this study.

Chapter Four

Data Analyzing, Interpretation and Discussion

Introduction

Under this chapter, the researcher described what have been obtained from questionnaires, and self-observation of the working activity in the company and are analyzed using the SPSS 20 software tools. As a result, the initial analysis starts with the respondents' overall demographic data. The four research questions are addressed by the presentation of descriptive statistics in the second place, followed by an analysis summary.

4.2 Response Rate

As it was previously mentioned, because of large number of target population, a sample population is taken to prepare this study. Here, the researcher considered staffs that work in the companies different department with a total number of 166 respondents were targeted, however questionnaires which are filled and returned back were only 138 which made the response rate 83.1%.

Table 4.1 Respondent rate

Respondents	Total no of questionnaire distributed	No of Returned questionnaires	Percentage
Total	166	138	83.1%

Source: own survey result 2023

4.3 The Demographic Information of the Respondents

Table 4.2 Personal Information of the Respondents

No.	Variables	Categories and No	Percent	Cumulative Percent
1	Age	18-25 14	10.14	10.14
		25-35 53	38.4	48.54
		35-45 45	32.61	81.15
		45+ 26	18.8	100.0
		Total	100.0	
2	Gender	Male 83	60.14	60.14
		Female 55	39.86	100.0
		Total	100.0	100.0
3	Education	Below Collage Diploma 4	2.9	2.9
		College Diploma 32	23.2	26.1
		First Degree 79	57.25	83.35
		Second Degree 23	16.7	100.0
		Total	100.0	100.0
4	Experience	<2 years 30	21.74	21.74
		2-5 years 38	27.54	49.3
		5-10 years 43	39.2	66.7
		>10 27	33.3	100.0
		Total	100.0	
5	Position	Manager 19	13.8	13.8
		Supervisor 24	17.4	31.2
		Officers 39	28.3	59.5
		Underwriters 56	40.6	100.0
		Total	100.0	

Source: own Survey Result, 2023

Table 4.2 depicted that from the total number of respondents most of them are at the age range between 25 to 35 age which is 38.4%, then followed by respondents that are found within the range of 35 up to 45 are 32.6%, people whom found in 45 and above age consists of 18.8% and then 10.14% are below 25 years old. The sex distribution of the respondents as have seen, most of them are males which are 60.14% and the rest which is 39.8% are females.

The third variable is the educational background of the respondents which shows the worker qualification. As shown in the table, there are 57.25% who are completing university first degree. There found 23.2% of them who complete their college diploma and 16.7% have second degree and the rest which are 2.9% are below college Diploma.

Looking to the years of experience from the four categories high number of respondents 39.2% are have a work experience of 5 to 10 years, 33.3% are having more than 10 years of experiance,27.54% are having 2 to 5 years' experience and 21.74% are having work experience of less than two years.

The job position of the respondents is also containing four categories. 40.6% are at the underwriter level, 28.3% are officers, 17.4% are supervisor and 13.8% are manager.

By guaranteeing the validity of the study, the analysis of providing the participant's demographic data will be extremely helpful to decision makers or readers in understanding the traits of the respondents. The table depicted that most workers who are found in the department are in the range of between 25 to 35 age whom most of them have work for numbers of years who develop enough experience and there educational background is satisfactory with the current expected qualification. There found to be more male workers than females.

4.3 Descriptive Analysis

There are four research questions that need to be answered based on the finding of the study. A descriptive analysis was used to examine the participant response based on a five point Likert Scale, which are rated as Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A) and Strongly Agree (SA).

4.3.1What are AWASH INSHURANCE COMPANY knowledge management practices?

Here under main activities are identified and each have list of questions which will be rated using the above mentioned Likert Scale.

4.3.1.1 Descriptive statistic for Knowledge Acquisition

Table 4.3 Summary of descriptive statistic Knowledge Acquisition Activity

S.No.	Knowledge Acquisition	SD (%)	D (%)	N (%)	A (%)	S A (%)	Mean	SD	Agg mean
1	Employees are involved in important business processes	3 2.2%	4 2.9%	27 19.6%	70 50.7%	34 24.7%	3.93	0.87	3.8
2	The organization invests in Research & Development	0 0%	6 4.3%	18 13%	80 53.6%	34 24.6%	4.02	0.744	3.8
3	The organization sends employees for external trainings	0 0%	4 2.9%	31 22.5%	75 54.3%	28 20.3%	3.92	0.74	3.8
4	In the organization On-the-job training and learning is valued	0 0%	4 2.9%	34 24.6%	58 42%	42 30.4%	4	0.78	3.8
5	In my organization Employees are encouraged to acquire knowledge internally and externally	0 0%	4 2.9%	24 17.4%	65 47.1%	45 32.6%	4.1	0.78	3.8
6	AIC mostly buys external knowledge to produce and provide the best service compared to their competitors.	4 2.9%	7 5%	56 40.6%	62 44.9%	9 6.5%	3.47	0.81	3.8

Source: own Survey Result, 2023

To investigate how knowledge is acquired by the employees in the company six questions are prepared and data are collected. The first question is about the involvements of employees in important business process. 2.2% strongly disagree, 2.9% disagree, 19.6% stay neutral, 50.7% agree and 24.7% strongly agree.

The second question is about the willingness of the organization to invest in research and developments. Based on the collected data 4.3% disagree, 13% neutral, 53.6% agree and 24.6% strongly agree.

The third one is about the company's willingness to send the employees for external training to gain new ideas, knowledge and experience. From the total respondents, 2.9% disagree, 22.5% neutral, 54.3% agreed and 20.3% strongly agreed.

The fourth question is the commitment of the company to give on the job training and letting the employee to learn. The largest number of people stays agreed and strongly agreed which are 42% each.30.4%,24.6% neutral and 2.9% are disagreeing.

The fifth question is all about the encouragement of acquiring knowledge and experience from internal and external source. The respondents' response towards this question is, 2.9% disagree, 17.4% neutral, 47.1% agree and 32.6% strongly agreed.

The last question is about the company's willingness to purchase external knowledge to provide best serves to its customers. Most respondents stayed agreed on this issue which is 44.9%. The other which is 2.9 % strongly disagree, 5% disagreed, 40.6% neutral and 6.5% strongly agreed.

From the findings bellow, the researcher found the mean range from the smallest mean of 3.47 to the largest mean of 4.1. From the table we can see that the respondents response about knowledge Acquisition of the company. The aggregated mean of 3.8 and Standard Deviation of 0.506, which is close to agree, that indicating Knowledge Acquisition in the organization is enough for the employees and the company itself. Here the overall result tells as there is enough knowledge Acquisition activity in the company.

4.3.1.2 Descriptive statistic for Knowledge creation

Table 4.4 Summary of descriptive statistic Knowledge creation Activity

S. No.	Knowledge creation	SD (%)	D (%)	N (%)	A (%)	S A(%)	Mean	SD	Agg mean
1	The organization rewards employees to encourage creativity	2 1.4%	8 5.8%	29 21%	73 52.9%	26 18.8%	3.81	0.86	3.81
2	The organization always provides the necessary sources like internet, publications, collages, etc. for the employees to create the knowledge they need to fulfill their job effectively	0 0%	3 2.2%	30 21.7%	78 56.5%	27 19.6%	3.93	0.71	3.81
3	Employees own initiatives and creativity are encouraged	0 0%	3 2.2%	30 21.7%	81 58.7%	24 17.4%	3.91	0.68 9	3.81
4	Employees have capacity to generate new ideas	1 0.7%	4 6.5%	37 26.8%	79 57.2%	17 12.3%	3.77	0.73	3.81

Source: Own Survey Result, 2023

To see the knowledge creation activity in the company four questions are given and the first one is about giving reward to the employees to encourage their personal creativity so that they can increase the productivity and competency of the company. Here the respondent response is as follows, 1.4% strongly disagree, 5.8% disagree, 21% neutral, 52.9% agree and 18.8% strongly agree.

Then the second question followed is about the organization capacity to provide the necessary resource for the employee's to create knowledge and do their job effectively. And the response are, 2.2% disagree, 21.7% neutral, 56.5% agree and 19.6% strongly agree.

The Third question is about the encouragement of the employees for self-initiation and creativity new ideas. Most of them responded by agreeing which is 58.7%, 2.2% disagreeing, 21.7% neutral and 17.4% strongly agree.

The fourth question is about the ability of the employees to generate new knowledge and ideas in the appropriate product, process and systems. Most agree which is 57.2%, 12.3% strongly agree, 6.5% disagree, 0.7% strongly disagree and 26.8% are neutral.

From the findings bellow, the researcher found the mean range from the smallest mean of 3.77 to the largest mean of 3.93. From the table we can see that the respondents response about knowledge creation of the company. The aggregated mean of 3.81 and Standard Deviation of 0.56, which is close to agree, that indicating Knowledge creation in the organization is enough for the employees and the company itself. Here the overall result tells as there is enough knowledge creation activity in the knowledge management in the company.

4.3.1.3 Descriptive statistic for Knowledge storage

Table 4.5 Summary of descriptive statistic Knowledge storage Activity

S.No.	Knowledge storage	SD (%)	D (%)	N (%)	A (%)	SA(%)	Mean	SD	Agg mean
1	Knowledge is organized and integrated through document and reports	2 1.4%	7 5.1%	25 18.1%	67 48.6%	37 26.8%	3.94	0.89	3.87
2	There is use of information technology in editing or processing information	0 0%	5 3.6%	23 16.7%	80 58%	30 21.7%	3.97	0.73	3.87
3	Employees of the company are encouraged to capture experiences and lessons learned from best practices to make them accessible to others.	0 0%	3 2.2%	33 23.9%	72 52.2%	29 21%	3.92	0.74	3.87
4	In the company practice, employees are given roles and responsibilities for storage and maintenance of knowledge	0 0%	2 1.4%	42 30.4%	63 45.7%	31 22.5%	3.89	0.76	3.87
5	In the company, employees have the right systems like databases, intranets, in which they can easily store and access documented knowledge	0 0%	4 2.9%	33 23.9%	68 49.3%	33 23.9%	3.94	0.77	3.87
6	Employees spend enough time and efforts to contribute to the education's knowledge database.	1 0.7%	11 8%	31 22.5%	77 55.8%	18 13%	3.72	0.82	3.87
7	The organization has the capability to keep a tacit knowledge and saving it due to the courses, training, and dialogue	3 2.2%	3 2.2%	34 24.6%	82 59.4%	16 11.6%	3.76	0.76	3.87

Source: Own Survey Result, 2023

The first question wants to investigate the availability of organized and integrated document to refer in the company. The responses were 1.4% strongly disagree, 5.1% disagree, 18.1% neutral, 48.6% agree and the rest 28.8% strongly agree.

The availability of information technology for the editing and processing of information is the second question and the response result is that 3.6% disagree, 16.7% neutral and 58% agree, and 21.7% strongly agree on this issue.

The other question which have positive feedback from respondents are the company encourage the employees to capture experience and make them accessible to others, and the respondent's response 2.2% disagree, 23.9% neutral, 52.2% agree and 21% strongly agree.

The fourth question is about the company gives responsibility for the employees to maintain, store and document what they know. Based on the data collected 1.4% disagreed, 30.4% stayed neutral, 45.7% agreed and 22.5% strongly agreed.

The fifth question tries to investigate the availability of the right system and database for the employees to access the documented knowledge. Here 2.9% of the respondent disagreed, 23.9% neutral, 49.3% agreed and 23.9% strongly agreed.

The sixth question is about the employees being spending time on the knowledge database so that they can learn and improve their knowledge. For this question the respondent response is 0.7% strongly disagreed, 8% disagreed, 22.5% stayed neutral, 55.8% agreed and 13% strongly agreed.

For knowledge storage activity the last question tries to investigate about the organization capacity to keep and save tacit knowledge. Here 2.2% of the respondent strongly disagreed, 2.2% disagreed, 24.6% neutral, 59.4% agreed and 11.6% strongly agreed.

The mean score of all questions under this specific topic is found to be in the ranged between 3.72 to 3.97 and a standard deviation of 0.73 to 0.89. The aggregate mean index approximate to 3.87 and Standard Deviation of 0.48 which is close to agree on the 5-point scale used in the study confirming that knowledge storage do practice in the company.

4.3.1.4 Descriptive statistic for Knowledge Sharing

Table 4.6 Summary of descriptive statistic Knowledge Sharing Activity

S. No	Knowledge Sharing	SD (%)	D (%)	N (%)	A (%)	S A (%)	Mean	SD	Agg mean
1	In the organization Senior management strongly support the role of knowledge management to business success	2 1.5%	3 2.2%	21 15.2%	76 55.1%	36 26.1%	3.78	0.93	3.71
2	Regulations in the organization of practice motivates employees to share knowledge by building trust, giving incentives, making available time and resources	2 1.4%	4 2.9%	27 19.6%	72 52.2%	33 23.9%	3.83	0.92	3.71
3	Employees share their experiences and knowledge about work with other organizations in meetings, seminars and conferences.	1 0.7%	5 3.6%	42 30.4%	65 47.1%	25 18.1%	3.70	0.85	3.71
4	Employees have the right tools, like databases, intranets, team-rooms and e-mail groups to support knowledge sharing.	1 0.7%	7 5.1%	43 31.2%	67 48.6%	20 14.5%	3.6	0.83	3.71
5	knowledge is shared through seminars, conferences, team-building exercises, written reports, and performance valuation programs and proposing employees in the company	1 0.7%	4 2.9%	37 26.8%	75 54.3%	21 15.2%	3.78	0.87	3.71
6	Employees are encouraged to share their ideas and experiences with other colleagues.	1 0.7%	2 1.4%	42 30.4%	71 51.4%	22 15.9%	3.72	0.86	3.71
7	There is open-mindedness in the company	2 1.4%	3 2.2%	44 31.9%	77 55.8%	12 8.7%	3.5	0.89	3.71

Source: Own Survey Result, 2023

To examine the knowledge sharing activity in the organization the seven question were prepared for the respondents.

The first question tries to see whether senior and experienced managements support the idea of knowledge management for the success of the business or not. 1.5% strongly disagree, 2.2% disagree, 15.2% neutral, 55.1% agree and 26.1% strongly agree.

The second question is about the presence of regulation to share their knowledge and experience by availing the necessary time and resource. The respondents responses are 1.4% strongly disagree, 2.9% disagree, 19.6% neutral, 52.2% agree and 23.9% strongly agree.

The third question examines whether the employees share experience and knowledge with other similar companies through meetings, seminars and conference or not. Here, 0.7% respond strongly disagree, 3.6% disagree, 30.4% neutral, 47.1% agree and 18.1% strongly agree.

The next question is about employees of the company having the right tool and media to share their knowledge and ideas. 0.7% respondent strongly disagreed, 5.1% disagreed, 31.2% stayed neutral, 48.6% agreed, and 14.5% strongly agreed.

The fifth question tries to examine knowledge shared through seminar, and other group process and propose capable employees to promote. Here 0.7% of the respondent strongly disagreed, 2.9% disagreed, 26.8% stayed neutral, 54.4% agreed and 15.9% strongly agreed on this activity in the company.

The six question investigates whether employees of the company encourage to share their ideas to their friend and coworker or not. Here 0.7% strongly disagree, 1.4% disagree, 30.4% neutral, 51.4% agreed and 15.9% strongly agreed on this area.

The last idea tried to see the open mindedness of the employees, 1.4% of the respondent strongly disagreed, 2.2% disagreed, 31.9% stayed neutral, 55.8% agreed, and 8.7% strongly agreed.

The mean score of all questions under this specific topic is found to be in the ranged between 3.71 to 4.0 and a standard deviation of 0.72 to 0.82. The aggregate mean index approximate to 3.71 (agree) on the 5-point scale used in the study that shows there is agreement among respondents that activities involving sharing of knowledge are practiced in the company.

4.3.1.5 Descriptive statistic for Knowledge Application

Table 4.7 Summary of descriptive statistic Knowledge Application Activity

S.N o.	Knowledge Application	SD (%)	D (%)	N (%)	A (%)	S A(%)	Mean	Sta. Dev	Agg mean
1	There is a KM strategy in the company	5 3.6%	14 10.1%	44 31.9%	62 44.9%	13 9.4%	3.46	0.91	3.63
2	There are continuous improvements as a result of KM application.	3 2.2%	5 3.6%	53 38.4%	69 50%	8 5.8%	3.54	0.76	3.63
3	There is a nonstop support from the higher management in the company to apply the knowledge in all department	5 3.6%	7 5.1%	39 28.3%	71 51.4%	16 11.6%	3.6	0.85	3.63
4	Senior employees develop systems to make it easier to students to use of available knowledge.	2 1.5%	10 7.2%	38 27.5%	70 50.7%	18 13%	3.67	0.85	3.63
5	Employees apply available knowledge to innovate new solutions.	4 2.9%	6 4.3%	33 23.9%	72 52.2%	23 16.7%	3.75	0.89	3.63
6	Employees are encouraged to make use of the available knowledge.	4 2.9%	9 6.5%	35 25.4%	67 48.6	23 16.7%	3.69	0.92	3.63
7	The organization encourages employees participation for taking decision at all management levels	5 3.6%	8 5.8%	31 22.5%	75 54.3%	19 13.8%	3.69	0.91	3.63

Source: Own Survey Result, 2023

Under these activities, there are seven questions listed and below are the respondents responses are summarized on table 4.5. The first question are about the presence of KM strategy in the company and most of them agree about the presence of km in the company which are 44.9% and followed by neutral 31.9%, strongly disagree 3.6%, disagree 10.1% and strongly agree 9.4%.

The second question which want to examine if there is a continuous improvement in the company because of the application of KM, which largest percentage 50% choose agreed , 38.4% are neutral , strongly agreed 5.8%, 3.6% disagreed and the rest 2.2% strongly disagreed with this practice.

The third question is with nonstop support from the management to practice knowledge management, the result was 3.6% strongly disagree, 5.1% are disagree, 28.3% stat neutral, 51.4% agreed, and 11.6% are strongly agree.

The fourth question is all about the development of a system to a lower workers so that they can simply do their job. The respondents answer towards this question is 1.5% strongly disagree, 7.2% disagree, 27.5% neutral, 50.7% agree and 13% strongly agreed.

The fifth question is about employees being innovative with the available knowledge they have to solve any problem. Here the respondents response is 2.9% are strongly disagreeing, 4.3% disagree, 23.9% neutral, 52.2% agreed and rest 16.7% are strongly agreed on this issue.

The six question is about employees are encouraged to use the available knowledge in the company. Here 2.9% of the respondent strongly disagreed, 6.5% disagreed, 25.4% stayed neutral, 48.6% agreed, and 16.7% strongly agreed.

The last question examines about the companies encourages the employees in decision making process at all level. From the total respondents, 3.6% strongly disagree, 5.8% disagree, 22.5% for neutral, 54.3% agreed, and 13.8% strongly disagree.

The knowledge application items have an overall mean score of 3.6 and a standard deviation of 0.62, as indicated in the table below. According to the 5-point Likert scale used for the study, the total mean score tends to 4.00 (agree), meaning that most respondents agreed that knowledge application activities are carried out in the business. Furthermore, as the low aggregate standard deviation shows, the replies are grouped around the mean response. The mean response is a good approximation of the true mean, as evidenced by the minimal response variability. The little deviation from the overall mean response indicates that performance depends on the application of knowledge.

4.3.1.6 Descriptive statistic for Organizational Performance

Table 4.8 Summary of descriptive statistic Organizational performance Activity

S. N o.	Organizational performance Activity	SD (%)	D (%)	N (%)	A (%)	S A(%)	Mean	Sta. Dev	Agg mean
1	The quality of services in the organization improved as compared to competitors.	1 0.7%	2 1.4%	26 18.8%	74 53.6%	35 25.4%	4.0	0.75	3.93
2	The company is willing to take a Risk and commit resources to implement projects.	0 0%	4 2.9%	34 24.6%	81 58.7%	19 13.8%	3.83	0.69	3.93
3	The number of clients who are using the company's services have increased	2 1.4%	4 2.9%	35 25.4%	57 41.3%	40 29%	3.93	0.89	3.93
4	The company supports innovativeness to develop new product service and process to create solution to customers need and problem.	2 1.4%	9 6.5%	53 38.4%	55 39.9%	19 13.8%	3.58	0.86	3.93
5	The company encourage employee to exercise creativity and new idea generation for the effective entrepreneurial activity to occur.	2 1.4%	9 6.5%	42 30.4%	69 50%	16 11.6%	3.64	0.83	3.93
6	The company is proactive to develop and introduce new or improved products, instigate changes to current strategies and tactics, and detect future trends in the market.	1 0.7%	11 8%	39 28.3%	67 48.6%	20 14.5%	3.68	0.85	3.93
7	The organization has a good relationship with customers relative to other competitor company.	0 0%	1 0.7%	25 18.1%	74 53.6%	38 27.5%	4.08	0.69	3.93
8	The sales volume of the firm has increased from year to year	0 0%	0 0%	7 5.1%	82 59.4%	49 35.5%	4.3	0.56	3.93
9	The profitability of the firm has increased from year to year	0 0%	0 0%	8 5.8%	75 54.3%	55 39.9%	4.3	0.59	3.93

Source: Own Survey Result, 2023

To examine the dependent variable, organization performance activity, nine questions are prepared and respondent's responses are summarized on table 4.6.

The first question is about quality of the organization's services and products are improved relative to the competitor companies. For this question more than half of the respondent which are 53.6% agreed, and followed by strongly agreed 25.4%, neutral 26.8%, disagree 1.4% and strongly agree 0.7%.

The second question is about the company's willingness to take a risk and agreed to provide resource to implement projects. Here 2.9% choose disagreed, 24.6% are neutral, 58.7% are agreed, and the rest 13.8% strongly agreed with this practice.

The third question is with the number of client who are using the company's product and service are increased from time to time, the result was 1.4% strongly disagree, 2.9% are disagree, 25.4% stat neutral, 41.3% agreed , 29% are strongly agree.

The fourth question tries to examine the company willingness to support innovativeness and new product development to create solution for any difficulties that the company face. Here the respondents response are 1.4% are strongly disagreeing, 6.5% disagree, 38.4% neutral, 39.9% agreed and rest 13.8% are strongly agreed on this issue.

The fifth question is all about encouraging the employees to be an entrepreneur. The respondent's response for this question is 1.4% strongly disagree, 6.5% disagree, 30.4% neutral, 50% agree and 11.6% strongly agreed.

The six question investigates the proactive of the company to develop and introduce new or improved products. Here the respondents response is 0.7% strongly disagreed, 8% disagreed, 28.3% stayed neutral, 48.6% agreed, 14.5% strongly agreed.

The organization being having good relationship with the customers is the seventh question. Here the respondent answer is 0.7% disagreed, 18.1% stayed neutral, 53.6% agreed, and 27.5% strongly agreed.

The eighth question tries to see whether the organization sales volume is increasing from year to year or not. Most of the respondent about 59.4% agreed on this area and 35.5% strongly agreed, the rest 5.1% stayed neutral.

The last question examines the profitability of the company whether it is increasing from year to year or not. For this question majority of the respondent agreed 54.3%, followed by strongly agree which is 39.9%, and the rest 5.8% stay neutral.

The mean score of all questions under this specific topic is found to be in the ranged between 3.56 to 4.3 and a standard deviation of 0.56 to 0.89. The aggregate mean index approximate to 3.93 (agree) on the 5-point scale used in the study that shows there is agreement on the organizational performance of the company.

4.4 Correlational analysis of knowledge management activity and organizational performance

One of the most popular statistical techniques for summarizing scientific data is correlation analysis (Richard Tyler, 1990). Positive and negative correlations are also possible (Greasley, 2008).

The five dimensions of knowledge management and organizational performance are compared, both positively and negatively, using person correlation analysis. The link between the dependent and independent variables is also examined.

4.4.1. Pearson Correlation Analysis

A correlation's strength is displayed on a scale from -1 to +1. According to Cohen (1988), which was mentioned in Greasley (2008), a value between 0.1 and 0.4 would generally be considered a weak correlation, and anything above 0.5 would be considered a significant correlation. A value that is getting close to zero denotes no correlation that is, no relationship at all between two variables (Greasley, 2008).

Table 4.9 Correlation analysis of KM dimensions and organizational performance

		performance	Acquisition	Creation	sharing	applicatio n	storage
performance	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	138					
Acquisition	Pearson Correlation	.884**	1				
	Sig. (2-tailed)	.000					
	N	138	138				
Creation	Pearson Correlation	.826**	.807**	1			
	Sig. (2-tailed)	.000	.000				
	N	138	138	138			
sharing	Pearson Correlation	.806**	.770**	.691**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	138	138	138	138		
application	Pearson Correlation	.645**	.579**	.558**	.669**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	138	138	138	138	138	
storage	Pearson Correlation	.842**	.829**	.755**	.704**	.619**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	138	138	138	138	138	138

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

Source: Own survey result, 2023

The results in table 4.9 indicate that, there is positive and strong correlation between knowledge acquisition and organizational performance ($r < 0.884$, $p = 0.000$) knowledge creation and organizational performance and the statistical result shows that ($r < 0.826$, $p = 0.000$), knowledge sharing and organizational performance and the statistical result is ($r < 0.806$, $sig = 0.000$), knowledge storage and organizational performance and the statistical result is ($r < 0.842$), and knowledge application and organization performance and the statistical result shows ($r < 0.645$, $sig = 0.000$). The correlation figures indicate that all knowledge management dimensions have strong and positive relationship with organizational performance.

Generally through the analysis of the correlation coefficients the relevance of various attributes of Knowledge management Activities namely knowledge acquisition, knowledge creation, knowledge sharing, knowledge storage and knowledge application quite indicate the relationship between the dimensions and organizational performance.

4.5. Regression Analysis

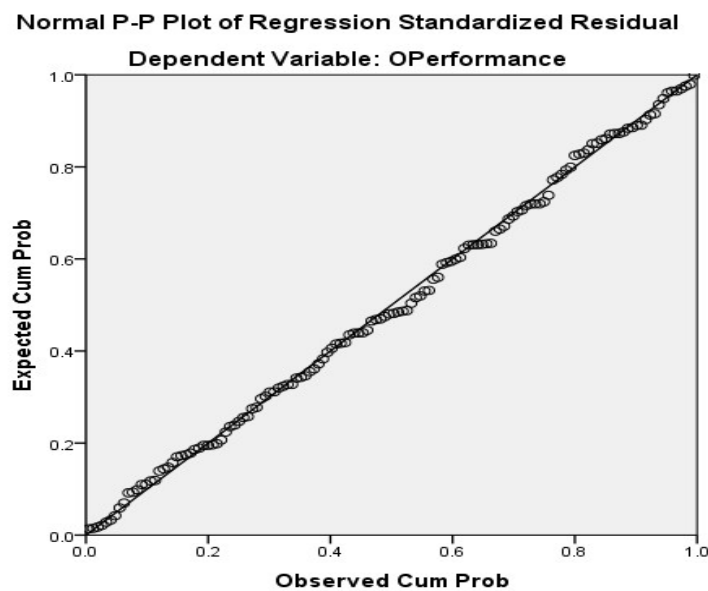
4.5.1 Multiple linear regression Assumption tests

According to Darlington (1968), linearity describes the dependent variable as a linear function of the predictor (independent) variables. When there is a linear relationship between the dependent and independent variables, multiple regressions can be used to estimate it with accuracy. The assumption that the independent variables are uncorrelated is known as co linearity, or multicollinearity (Darlington, 1968; Keith, 2006). When multicollinearity is low, the researcher can interpret regression coefficients as the impacts of the independent factors on the dependent variables (Powell & O'Farrell, 1971; Keith, 2006).

1 Linearity Test

The correlation Analysis show that knowledge Acquisition ($r=0.884$, $Sig=0.000$), knowledge Creation ($r= 0.826$, $Sig=0.000$), knowledge sharing ($r=0.806$, $Sig=0.000$), knowledge storage ($r=0.842$, $Sig=0.000$), knowledge application ($r<0.645$, $sig=0.000$) which indicate all are correlated at 0.01 significant level. The significant correlations indicate the linearity which indicates the linearity assumption is proved.

Figure 4.1 Normal P-P plot of regression standardized residual for organization performance



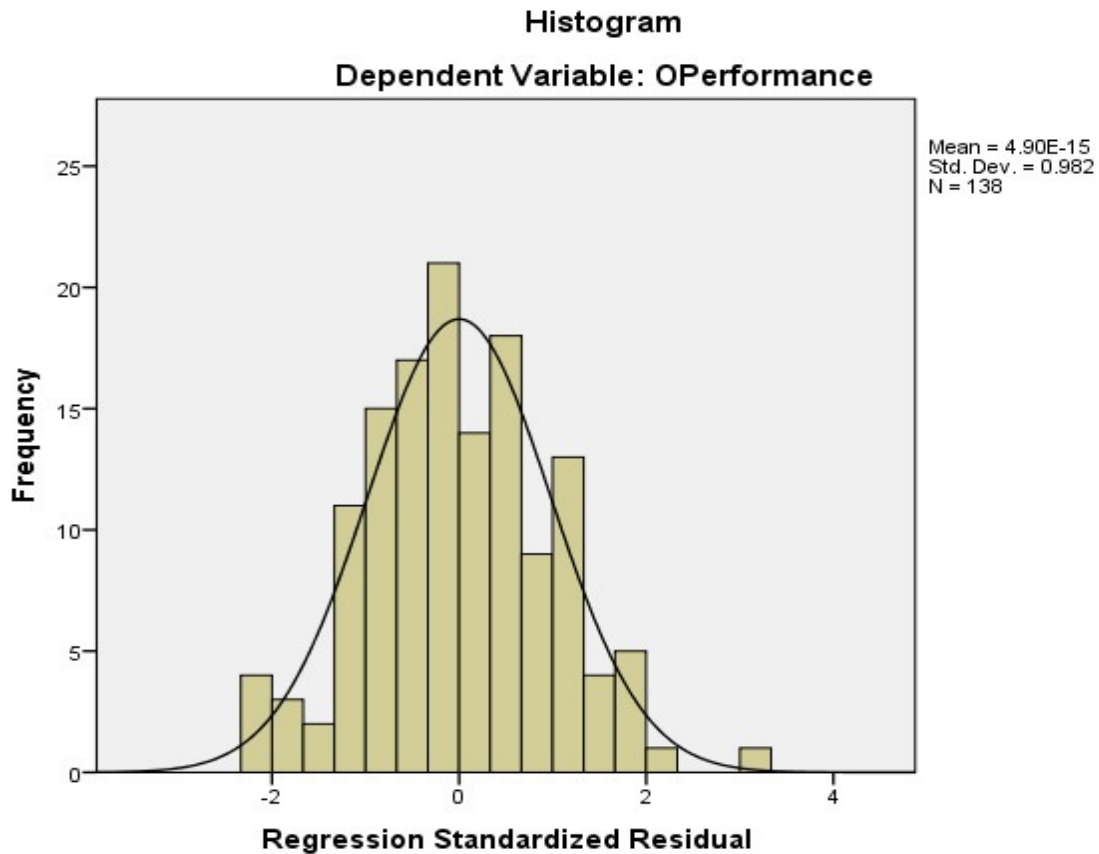
Source: own survey 2023

The graph in the preceding graphic indicates that the data are regularly distributed since the dots are lined along the line.

2. Normality tests

Here the analysis of residual helps as to test the normality probability. As show in figure 4.2, the histogram graph is a bell shaped, which indicating that the assumption of normality probability is fulfilled.

Figure 4.2 Histogram of standardized residuals for organizational performance

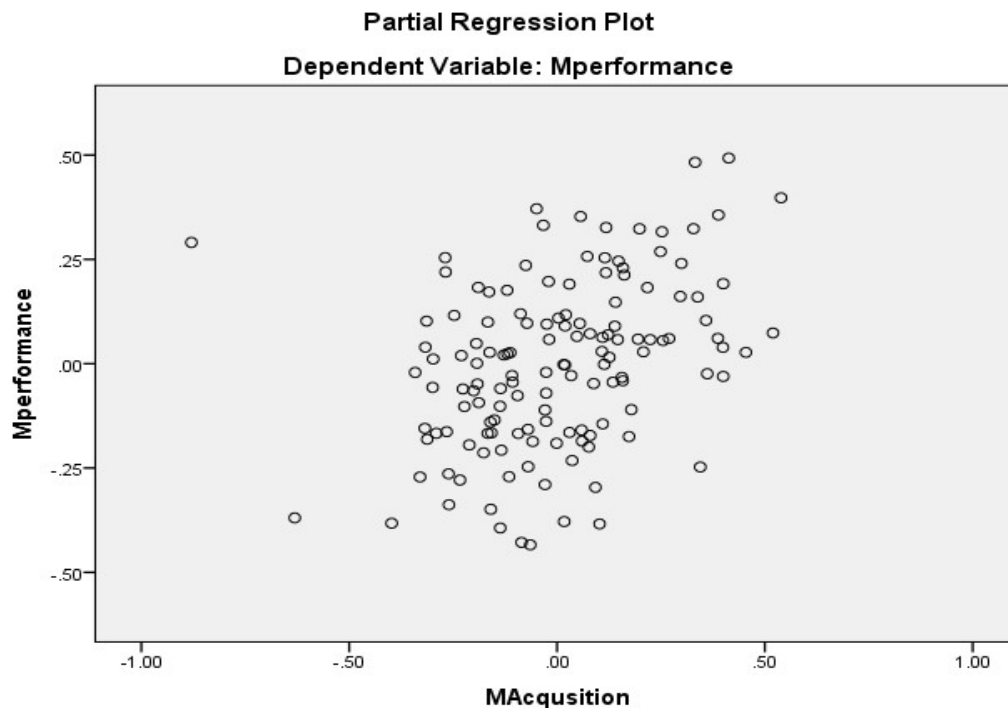


Source: own survey 2023

3. Test of Homoscedasticity of Residuals

Homoscedasticity Residuals of regression analysis assumption refers the condition in which the residual or the error in the regression analysis is being constant. In short the error does not vary as the value of the predicted variable changes. In this study to test Homoscedasticity of knowledge acquisition and organizational performance we conduct a scattered plot diagram and found the result in fig 4.3, as it is seen in the diagram the residuals are distributed over the entire range of the predicted value. The distribution of the residual shows that there is no relation between the residuals and the predicted value, which show the study meet the Homoscedasticity assumption.

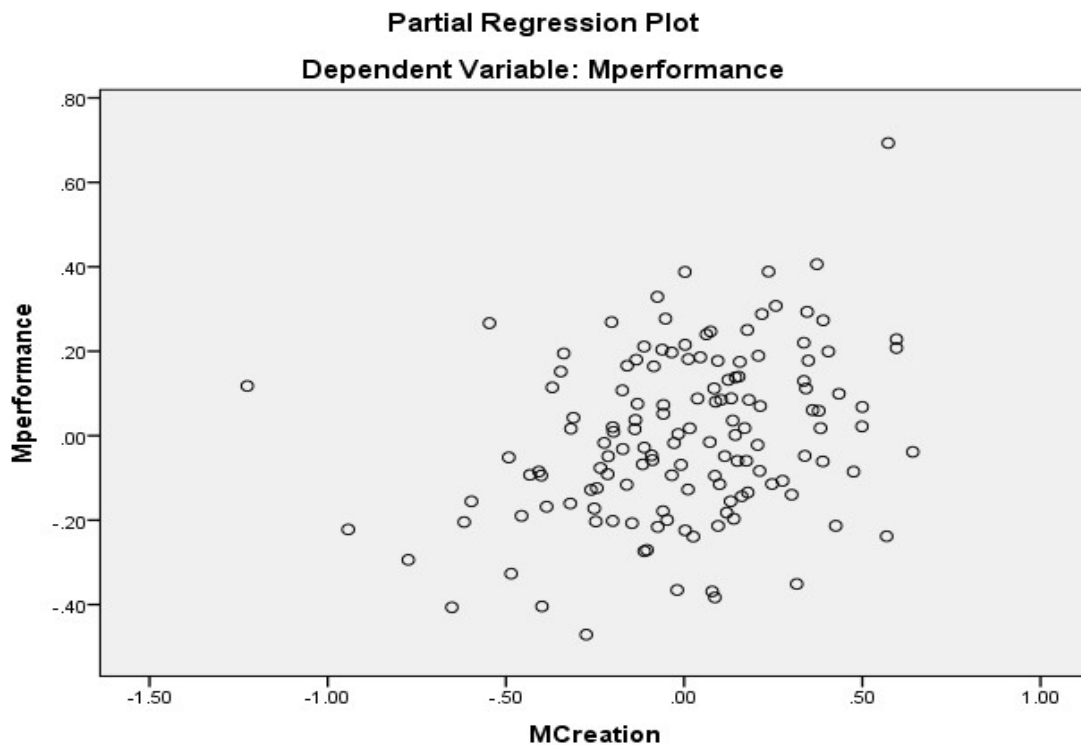
Figure 4.3: Test of Homoscedasticity of Knowledge Acquisition
(Scatter Plot for Homoscedasticity)



Source: own survey 2023

Test of Homoscedasticity of knowledge Creation and organizational performance we conduct a scattered plot diagram and found the result in fig 4.4, as it is seen in the diagram the residuals are distributed over the entire range of the predicted value. The distribution of the residual shows that there is no relation between the residuals and the predicted value, which show the study meet the Homoscedasticity assumption.

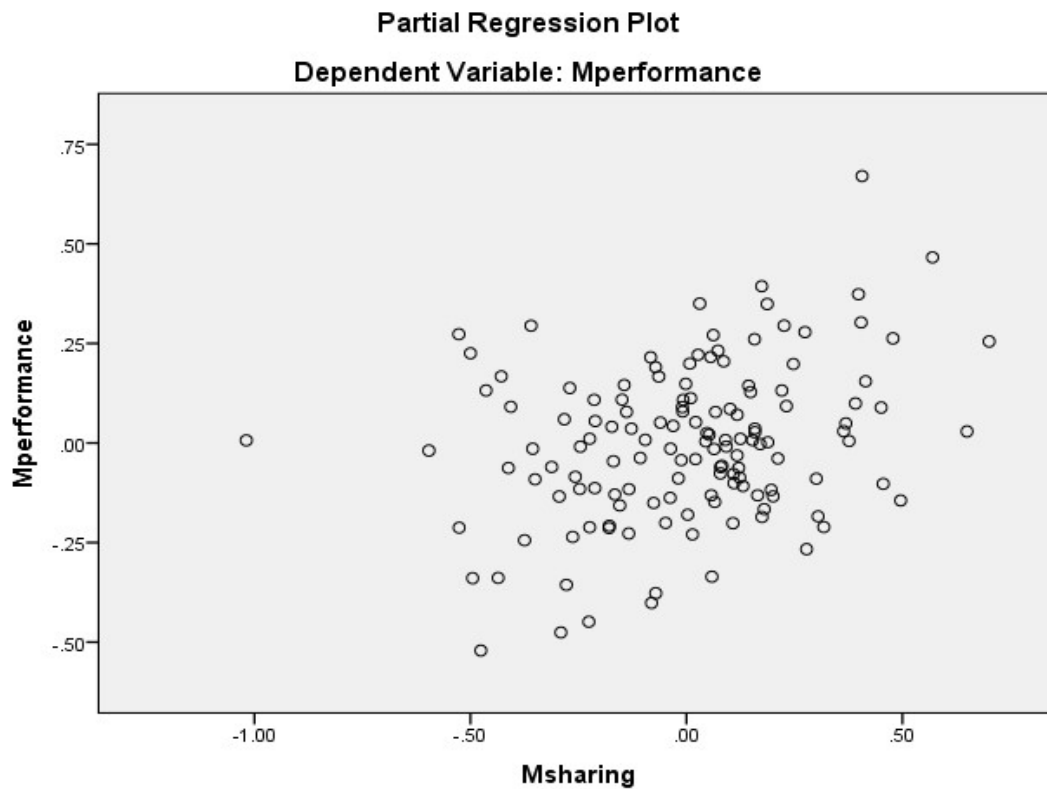
Figure 4.4: Test of Homoscedasticity of Knowledge creation
(Scatter Plot for Homoscedasticity)



Source: own survey 2023

Test of Homoscedasticity of knowledge sharing and organizational performance we conduct a scattered plot diagram and found the result in fig 4.5, as it is seen in the diagram the residuals are distributed over the entire range of the predicted value. The distribution of the residual shows that there is no relation between the residuals and the predicted value, which show the study meet the Homoscedasticity assumption

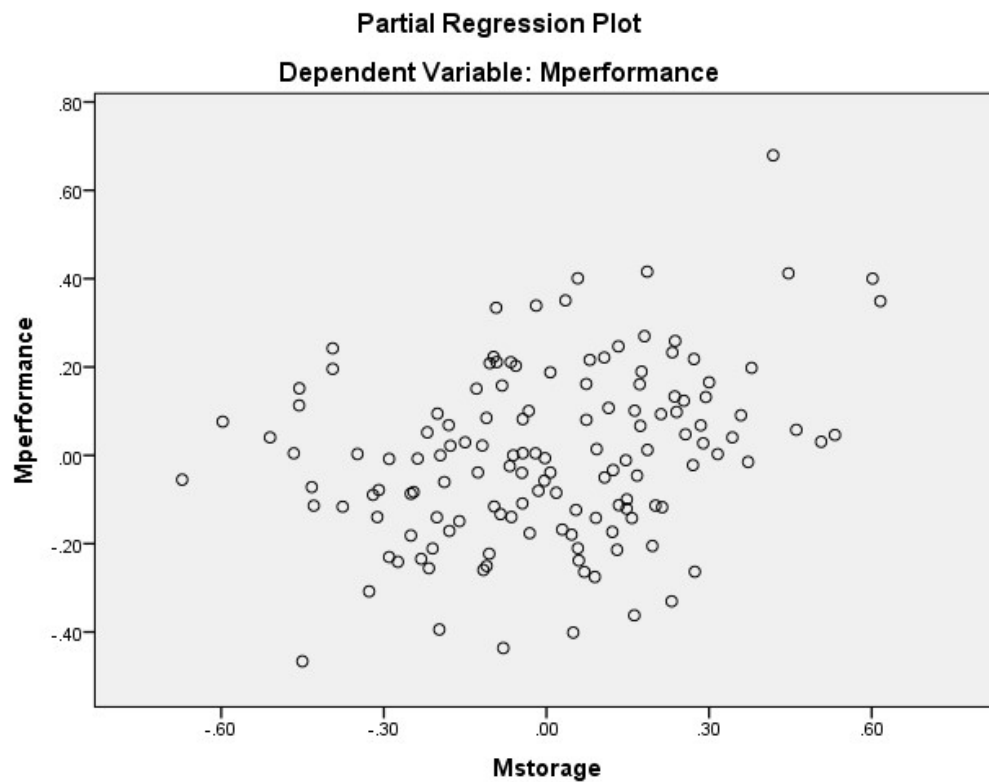
Figure 4.5: Test of Homoscedasticity of Knowledge sharing
(Scatter Plot for Homoscedasticity)



Source: own survey 2023

Test of Homoscedasticity of knowledge storage and organizational performance we conduct a scattered plot diagram and found the result in fig 4.6, as it is seen in the diagram the residuals are distributed over the entire range of the predicted value. The distribution of the residual shows that there is no relation between the residuals and the predicted value, which show the study meet the Homoscedasticity assumption

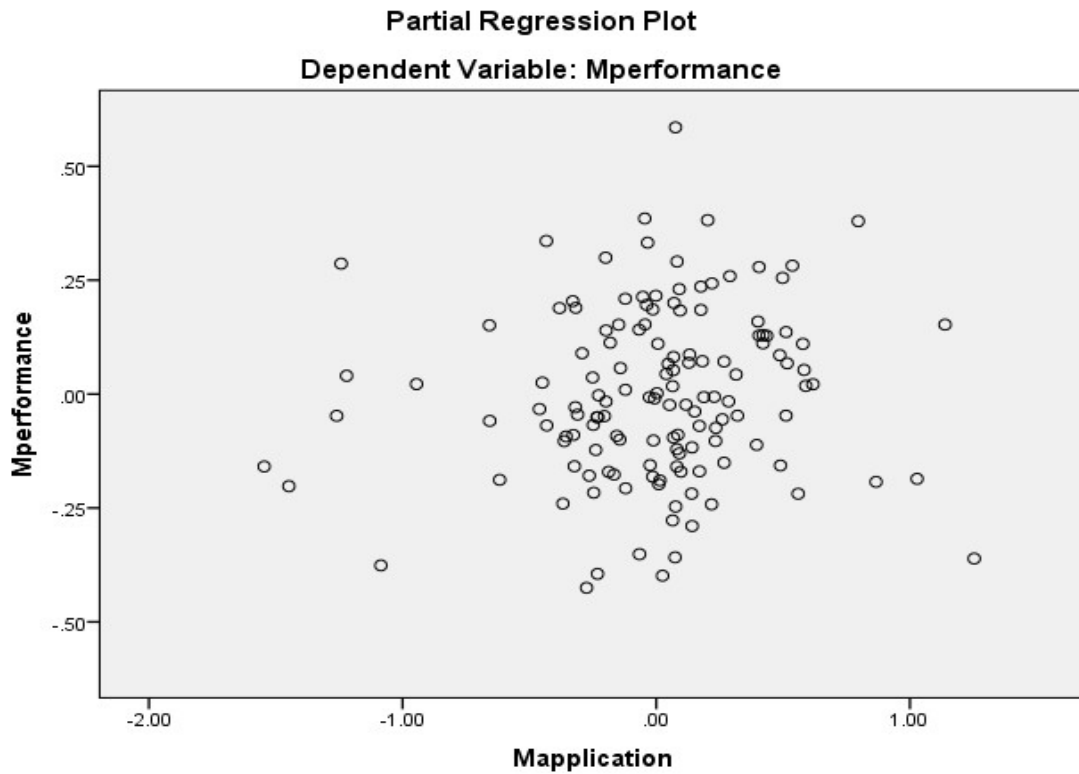
Figure 4.6: Test of Homoscedasticity of Knowledge Storage
(Scatter Plot for Homoscedasticity)



Source: own survey 2023

Test of Homoscedasticity of knowledge application and organizational performance we conduct a scattered plot diagram and found the result in fig 4.7, as it is seen in the diagram the residuals are distributed over the entire range of the predicted value. The distribution of the residual shows that there is no relation between the residuals and the predicted value, which show the study meet the Homoscedasticity assumption.

Figure 4.7: Test of Homoscedasticity of Knowledge Application
(Scatter Plot for Homoscedasticity)



Source: own survey 2023

4. Multi Co linearity Test

Because the tolerance value for each independent variable was not less than 0.1 and the variance inflation factor (VIF) for each independent variable was not larger than 10, as can be shown in table 4.10 below, the co-linearity statistics of the result indicate that multi co linearity was not an issue.

Table 4.10 Dependent Variable: Organizational Performance

Independent variables	Collinearity Statistics	
	Tolerance	VIF
Acquisition	0.203	4.923
Creation	0.317	3.152
Sharing	0.327	3.054
Application	0.505	1.976
Storage	0.269	3.716

Source: own survey result, 2023

4.5.5. MULTIPLE LINEAR REGRESSION ANALYSIS

The study employed a multiple linear analysis to examine the predictive ability of independent variables, namely knowledge acquisition, creation, sharing, storage, and application, on the dependent variable, organizational performance. R Square, also known as the coefficient of determination, indicates the percentage of variance in the independent variables (knowledge creation, knowledge acquisition, knowledge sharing, knowledge storage, and knowledge application) that can be attributed to changes in the dependent variable (in our case, organizational performance).

Table 4.11 Model summary of R-Square

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.929 ^a	.863	.858	.18948	2.002

a. Predictors: (Constant), storage, application, sharing, Creation, Acquisition

b. Dependent Variable: organizational performance

Source: own survey result, 2023

The regression's outcome shows that organizational success and the components of knowledge management as a whole are strongly correlated. The correlation coefficient between organizational performance and the components of knowledge management is 0.929, indicating a

strong positive relationship between the dimensions. It also clarifies the 0.863 correlation between the independent variables (knowledge production, acquisition, sharing, storage, and application) and total organization performance. This suggests that variations in the independent variables (knowledge production, acquisition, sharing, storage, and application) account for 86.3% of the variance in organizational performance. Overall, the analysis shows that there is a significant impact of knowledge management activities on organizational performance. Consequently, every knowledge management endeavor benefits organizational performance. To see whether the research is fit or not variance analysis is presented as show in the table 4.12 below. As it can be seen in the ANOVA, the result of significance is ($F=166.246$, $p=.000$), since the level of significance is less than 0.05 the model is well fit to predict organizational performance of AIC using the listed knowledge managements activities.

Table 4.12 Test of Analysis of Variance (ANOVA)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.844	5	5.969	166.246	.000 ^b
	Residual	4.739	132	.036		
	Total	34.584	137			

a. Dependent Variable: performance

b. Predictors: (Constant), storage, application, sharing, Creation, Acquisition

Source: own survey result, 2023

Table 4.13 Coefficient

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.005	.142		-.033	.974		
	Acquisition	.331	.071	.334	4.667	.000	.203	4.923
	Creation	.194	.052	.215	3.751	.000	.317	3.152
	Sharing	.217	.059	.206	3.659	.000	.327	3.054
	Application	.045	.037	.056	1.239	.218	.505	1.979
	Storage	.232	.064	.224	3.603	.000	.269	3.716

a. Dependent Variable: organizational performance

Source: own survey result, 2023

Knowledge management dimensions have a significant influence on overall performance of organization at 95% confidence level ($p < 0.05$). From the above table result of the regression coefficient of each knowledge management variables is as follows, knowledge acquisition (Beta=0.331, $p < 0.005$) indicating that an increase in these activity, performance of AIC also increase. Knowledge creation (Beta=0.215, $p < 0.005$) the result shows that an increase in knowledge creation it also increases performance of AIC. Knowledge sharing (Beta= 0.206, $p < 0.05$) showing that an increase in knowledge sharing it also increase AIC's performance. Knowledge Storage (Beta = 0.224, $p < 0.05$) the result indicating that AIC's performance increase with the increase of this activity. Knowledge application (Beta= 0.056, $p > 0.05$).As the result shows knowledge application does not have a significance influence in performance of the organization since its p value is greater than 0.0.5.

As indicated in the above table all knowledge management activities except knowledge application have a significance influence on organizational performance of Awash Insurance Company. Therefore from the regression model using standardized coefficient the following equation can be constructed

$$\text{Organizational performance} = -0.0.5 + 0.334(\text{knowledge acquisition}) + 0.224(\text{knowledge storage}) + 0.215(\text{knowledge creation}) + 0.206(\text{knowledge sharing}) + 0.056(\text{knowledge application})$$

Moreover, from table 4.13 aforementioned, the R^2 value = 0.863 meaning 86.3% of the variance in the model can be predicted using the independent variables that means with respect to this study 86.5% of organizational performance is explained by the constructed independent variables. Based on this, the following formula was employed

$$(R^2)(100) = (\beta_{KA}r_{KA} + \beta_{Kc}r_{Kc} + \beta_{Ks}r_{Ks} + \beta_{ksh}r_{sh} + \beta_{KAp}r_{KAp})$$

$$86.3\% = 0.334*0.203 + 0.215*0.317 + 0.206*0.327 + 0.56*0.505 + 0.224*0.269$$

$$86.3\% = 0.068 + 0.068 + 0.067 + 0.283 + 0.06$$

$$86.3\% = 6.8\% + 6.82\% + 6.74\% + 28.3\% + 6.02\%$$

The above computed results attested that 6.8%, 6.82%, 6.74%, 28.3% and 6.02% of the change in organizational performance respectively is due to knowledge acquisition, knowledge creation, knowledge sharing, knowledge application and knowledge storage.

4.6. Hypothesis testing and discussion of results

H1: knowledge acquisition positively related to organizational performance of Awash insurance company.

A favorable correlation between knowledge acquisition and organizational performance is predicted by the statistically significant impact of knowledge acquisition on performance. The results of the regression analysis supported the hypothesis, demonstrating a positive and statistically significant association between knowledge acquisition and organizational performance. Based on the study standard coefficient beta result which is (Beta= 0.334) implying that the practice of knowledge acquisition activity will increase organizational performance by 33.4%.

The value of assurance is also significant which shows a p-value of 0.000. Therefore we cannot reject H1 that there is positive and statistically significant relationship between knowledge acquisition and organizational performance of Awash insurance company when the value of *p*-value less than 0.05 (typically ≤ 0.05) statistically significant.

H2: Knowledge sharing positively related to organizational performance of Awash insurance company.

The performance of organizations is statistically significantly impacted by knowledge exchange or sharing. The regression demonstrated a strong correlation between information sharing and organizational performance, supporting the hypothesis. Based on the study, Knowledge sharing's standard coefficient beta result shows (Beta= 0.206) implying that the practice of Knowledge sharing activity will increase organizational performance by 20.6%.

The value of knowledge sharing is significant which shows p-value = 0.000 so we cannot reject.

H2 that there is statistically significant positive relationship between Knowledge sharing and organizational performance of Awash insurance company. It means that the value of p-value less than 0.05 (typically ≤ 0.05) it is significant

H3: knowledge creation positively related to organizational performance of awash insurance company

Knowledge creation has statistical significant positive effect on organizational performance. Similar to the hypothesis, the regression showed positive and statistically significant relationship between knowledge creation and organizational performance. Knowledge creation's standard coefficient beta result shows (Beta= 0.317) implying that the practice of Knowledge creation activity will increase organizational performance by 31.7%. And also the value of knowledge creation and organizational performance p-value = 0.000 .so we cannot reject H3 that there is positive and statistically significant relationship between knowledge creation and organizational performance.

H4: knowledge storage positively related to organizational performance of awash insurance company.

Organizational performance benefits statistically significantly from knowledge storage. The regression demonstrated a statistically significant positive relationship between knowledge storage and organizational performance, supporting the hypothesis. Knowledge storage standard coefficient beta result shows (Beta= 0.224) implying that the practice of Knowledge creation activity will increase organizational performance by 22.4%. Furthermore the value of assurance is insignificant which have a p-value = 0.000 .A p-value less than 0.05 (< 0.05) is statistically significant and indicates strong evidence for the significant relation between knowledge storage and organizational performance of awash insurance company.

H5: knowledge application positively related to organizational performance of awash insurance company.

As it shown in table 4.13 the result of multiple regressions of Knowledge application has a positive effect on organizational performance of awash insurance company with a standard coefficient result of (beta= 0.056) implying that a practice of this activity will increase AIC's performance by 5.6%, which is insignificant. Further, different to the hypothesis, the p-value of knowledge application has insignificant effect on performance of the company with a p-value of, p-value = 0.218, which shows the insignificance effect of knowledge application on performance of the company. P-value higher than 0.05 (> 0.05) is not statistically significant. Because of the insignificance influence of knowledge application on performance, we drop this hypothesis.

Table 4.14 Summary of hypotheses testing result

No	Hypothesis	Remark
1	H1	Supported because the regression analysis demonstrates that performance in this study is highly impacted by knowledge acquisition.
2	H2	Supported because the regression demonstrates that performance in this study is highly impacted by Knowledge sharing
3	H3	Supported because the regression demonstrates that performance in this study is highly impacted by Knowledge creation
4	H4	Supported because the regression demonstrates that performance in this study is highly impacted by Knowledge storage
5	H5	Not supported because the regression result shows that knowledge application does not significantly influence performance in this study.

Source: own survey result, 2023

Chapter Five

Summary, Conclusion and Recommendation

Introduction

This chapter presents the summary, conclusion and recommendation, and tries to indicate further study area about the relationship between knowledge management and company's performance.

5.2 Summary of the major finding of the study

This study aims to explore the connection between Awash Insurance Company's performance and knowledge management. 166 questionnaires were distributed to staff members of the AIC head office and its branches in Addis Abeba. Of those, 138 (83.1%) were gathered and deemed valid for analysis. The dimensions of knowledge creation, acquisition, sharing, storage, and application were used to measure knowledge management. A five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5), was used to measure respondents' knowledge management and organizational performance.

This study attempt to examine four basic research specific objectives which want to examine relationship between knowledge creation and performance of aic, the relationship between knowledge application and performance of aic, examine the relationship between knowledge transfer and performance of aic, relation between knowledge management and organizational performance are the main focus of the study.

To test and approve the above research hypothesis using the SPSS tools, descriptive statistics were employed and the following major findings are the result which is found after the study.

The first research objective was to examine the relationship between knowledge creation and performance of Awash insurance company. So that before getting to this main part, knowing the participants general background is important. The respondents who were participated in filling the questionnaires, majorities are male which is 60.14% and females 39.86%. Based on educational background 16.7% have second degree, 57.25% first degree, 23.2% diploma and the rest 2.9% is bellow college diploma. Regarding the job position most of them are working as an underwriter which has a percentage of 40.6% from the total 100%.

The correlation result shows that there is a positive and significant relationship between knowledge acquisition, knowledge creation, knowledge sharing, and knowledge storage. The finding also indicates that the highest relationship was found between knowledge acquisition ($b = 0.334$) and organizational performance, while the lowest relationship was found between knowledge application and organizational performance with a b value of 0.056. Next to knowledge acquisition that has significant relation with organizational performance is knowledge creation ($b=0.317$). Furthermore, as the multiple regression results showed that none of knowledge management elements have a negative significant effect on organizational performance.

The company performance identified in statically analysis indicates that the aggregate mean was in the range of 3.6 to 3.93 which is close to agree. So from this statistical analysis the degree of performance is dependent on those factors or there is a significant positive relation between elements of knowledge management and performance of awash insurance company.

5.3 Conclusion

This study tries to investigate the relation between knowledge management and performance of Awash Insurance Company. Based on the findings the researcher reached on important conclusion.

The study try to identify whether there is a relation between element of knowledge management i.e. knowledge acquisition, knowledge creation, knowledge storage, and knowledge sharing and knowledge application with performance of the company. So based on the research finding those activities are practiced at significant level except KA. From this the researcher concluded that knowledge management is practiced at Awash Insurance Company. Based on the correlation analysis all knowledge management elements except knowledge application are positively and significantly related to performance of the awash insurance company, but knowledge application activity relates with performance of the organization positively but the relation is insignificant ($\beta=0.056$).

5.4 Recommendation

Based on the research finding and conclusion given in the previous chapter, the following recommendation are made.

First, based on the findings from the study that knowledge creation influences the organizational performance of Awash insurance company head office and Addis Ababa City Branches, the study recommends that management of Awash insurance company as well as other organizations should encourage the collaboration, practice, education, and interaction as ways of creating knowledge.

Second, the study found that knowledge acquisition had a significant influence on organizational performance of Awash insurance company head office and Addis Ababa City Branches. Therefore the study recommends that management of Awash insurance company as well as other organizations must consider different policies and convenient methods for every main knowledge conversion processes so that it can obtain greatest value from the conversion process.

Third, the study found that knowledge sharing has an influence on organizational performance of Awash insurance company head office and Addis Ababa City Branches. Accordingly, it is recommended that management of Awash insurance company must underline that knowledge sharing need to be supported by strong collaborations and a pervasive culture of sharing among employees across the organization and its customers and communities.

The study concluded that knowledge storage has a major impact on the organizational performance of the Addis Ababa City branches and the head office of Awash Insurance Company. The study suggests that information with persons or in writing within the organization must be preserved for future use using both soft and hard means of record-keeping. Furthermore, it is imperative that human and organizational knowledge be kept in a retrievable manner using various techniques, including contemporary information systems and procedures.

The company must practice only four of knowledge management activities which are KA, KC, KSh, and KS because as it is seen in the correlation analysis, it is those activities that have a positive and significant effect on performance of the AIC, but the company should improve and work hard on KAP activity so that it will have significant influence on performance of Awash.

5.5 Study Limitations and Possible Suggestions for Future Research

This study was limited to Awash Insurance Company personnel working in the head office and Addis Ababa city branch; employees at regional branches were not included in the study. The generalizability of the research findings may be impacted by regional constraints. The findings and interpretation of the research may also be impacted by the features of the research design or technique, the size and makeup of the population and sample, and uncontrollable errors. The factors identified by this research finding affect the relationship between knowledge management and performance of Awash Insurance Company; therefore, recommendations to other researchers are sent to investigate this area in a better way and measurement so that they can uncover other potential factors in which this study did not address. Furthermore, one of the areas of knowledge management research that receives the least attention in Ethiopia is unsought services like insurance.

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Annex
Questionnaires

Dear respondents:

I'm a graduate student at Addis Ababa University College of Business and Economics Department of Master of Business Administration. Currently, I'm conducting a research entitled '*The relationship between knowledge management and organization performance in the case of awash insurance company*' as of Business Administration in Partial Fulfillment of the Requirement for the Degree of Masters of Business Administration with having the purpose of gathering data for the proposed study. Therefore, your participation is entirely voluntary and the questionnaire is completely anonymous. I confirm you that the information you share will stay confidential and only used for the aforementioned academic purpose and also the study is expected to help the enterprise by improving the management of the company Knowledge management. So, you are genuinely asked to fill the form in frank and in a timely responsive manner. I want to thank you in advance for your kind cooperation and dedication of your precious time to fill this questionnaire and if you want further explanation you can contact me through my personal phone 0911091545 ,email migbaruTezera@gmail.com or in person.

Best Regards,

MigbaruTezera

Part I: General Information of the respondent

1. Age: 18-25 years 26-35 years 36-45 years above 45 years

2. Sex: Male Female

3. Educational Qualification:
 Below college diploma College diploma First Degree (BSc, BA)
 Second Degree (MSc, MA) PHD and above

4. Years of service in the company:

Below 2 years between 2-5 years between 5-10 years Above 10 years

Year of service out of this company if there is _____

5. Job Position: Manager Supervisor officers underwriter

PART II: Main Body Questionnaire

Knowledge Management Practice

Please put a check mark (✓) on the appropriate cell. **Where, 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.**

No.	Measurement Items	Score				
		1	2	3	4	5
1	Knowledge Acquisition Activities					
1.1	Employees are involved in important business processes					
1.2	The organization invests in Research & Development					
1.3	The organization sends employees for external trainings					
1.4	In the organization On-the-job training and learning is valued					
1.5	In my organization Employees are encouraged to acquire knowledge internally and externally					
1.6	AIC mostly buys external knowledge to produce and provide the best service compared to their competitors.					
2	Knowledge creation Activities					
2.1	The organization rewards employees to encourage creativity					
2.2	The organization always provides the necessary sources like internet, publications, collages, etc. for the employees to create the knowledge they need to fulfill their job effectively					
2.3	Employees own initiatives and creativity are encouraged					
2.4	Employees have capacity to generate new ideas					
3	Knowledge storage Activities					
3.1	Knowledge is organized and integrated through document and reports					
3.2	There is use of information technology in editing or processing information					

No.	Measurement Items	Score				
		1	2	3	4	5
3.3	Employees of the company are encouraged to capture experiences and lessons learned from best practices to make them accessible to others.					
3.4	In the company practice, employees are given roles and responsibilities for storage and maintenance of knowledge					
3.5	In the company, employees have the right systems like databases, intranets, in which they can easily store and access documented knowledge					
3.6	Employees spend enough time and efforts to contribute to the education's knowledge database.					
3.7	The organization has the capability to keep a tacit knowledge and saving it due to the courses, training, and dialogue					
4	Knowledge Sharing Activity					
4.1	In the organization Senior management strongly support the role of knowledge management to business success					
4.2	Regulations in the organization of practice motivates employees to share knowledge by building rust, giving incentives, making available time and resources					
4.3	Employees share their experiences and knowledge about work with other organizations in meetings, seminars and conferences.					
4.4	Employees have the right tools, like databases, intranets, team-rooms and e-mail groups to support knowledge sharing.					
4.5	knowledge is shared through seminars, conferences, team-building exercises, written reports, and performance evaluation programs and proposing employees in the company					
4.6	Employees are encouraged to share their ideas and experiences with others colleagues.					
4.7	There is open-mindedness in the company					
5	Knowledge Application Activity					
5.1	There is a KM strategy in the company					
5.2	There are continuous improvements as a result of KM application.					
5.3	There is a nonstop support from the higher management in the company to apply the knowledge in all department					
5.4	Senior employees develop systems to make it easier to students to use of available knowledge.					
5.5	Employees apply available knowledge to innovate new solutions.					

No.	Measurement Items	Score				
		1	2	3	4	5
5.6	Employees are encouraged to make use of the available knowledge.					
5.7	The organization encourages employees participation for taking decision at all management levels					
	Organization performance activity					
1	The quality of services in the organization improved as compared to competitors.					
2	The company is willing to take a Risk and commit resources to implement projects.					
3	The number of clients who are using the company's services have increased					
4	The company supports innovativeness to develop new product service and process to create solution to customers need and problem.					
5	The company encourage employee to exercise creativity and new idea generation for the effective entrepreneurial activity to occur.					
6	The company is proactive to develop and introduce new or improved products, instigate changes to current strategies and tactics, and detect future trends in the market.					
7	The organization has a good relationship with customers relative to other competitor company.					
8	The sales volume of the firm has increased from year to year					
9	The profitability of the firm has increased from year to year					